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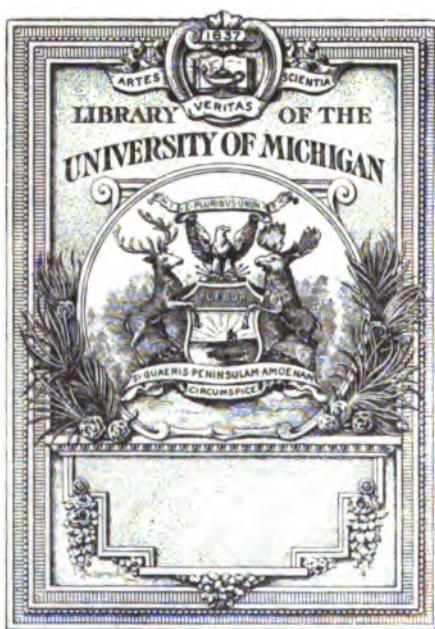
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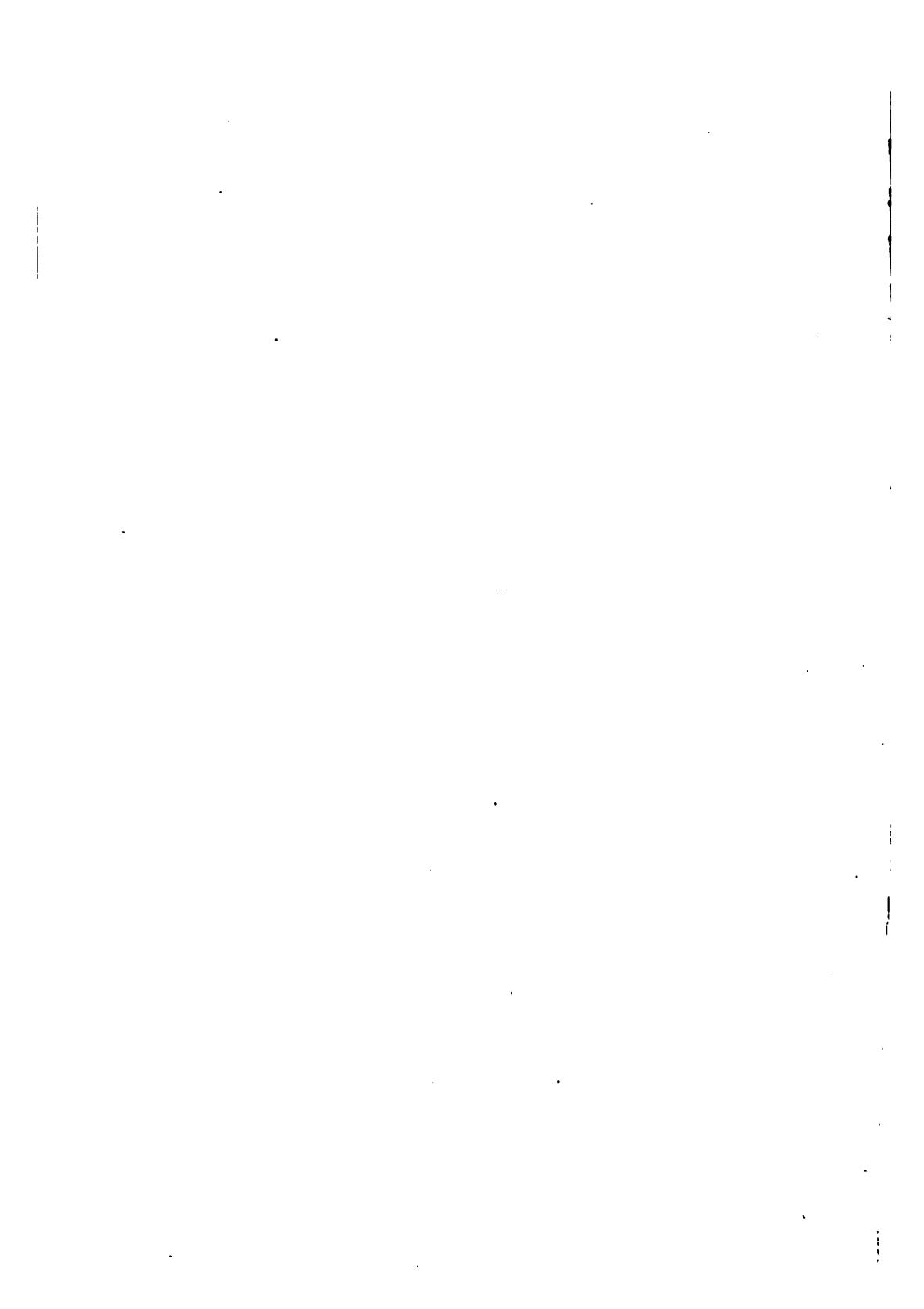
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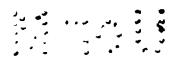
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GETTING THE MOST OUT OF BUSINESS

Observations of the Application of
the Scientific Method to
Business Practice

By

E. ST. ELMO LEWIS

*Vice-President and General Manager, Art Metal Construction Company; formerly
Advertising Manager, Burroughs Adding Machine Company; ex-President,
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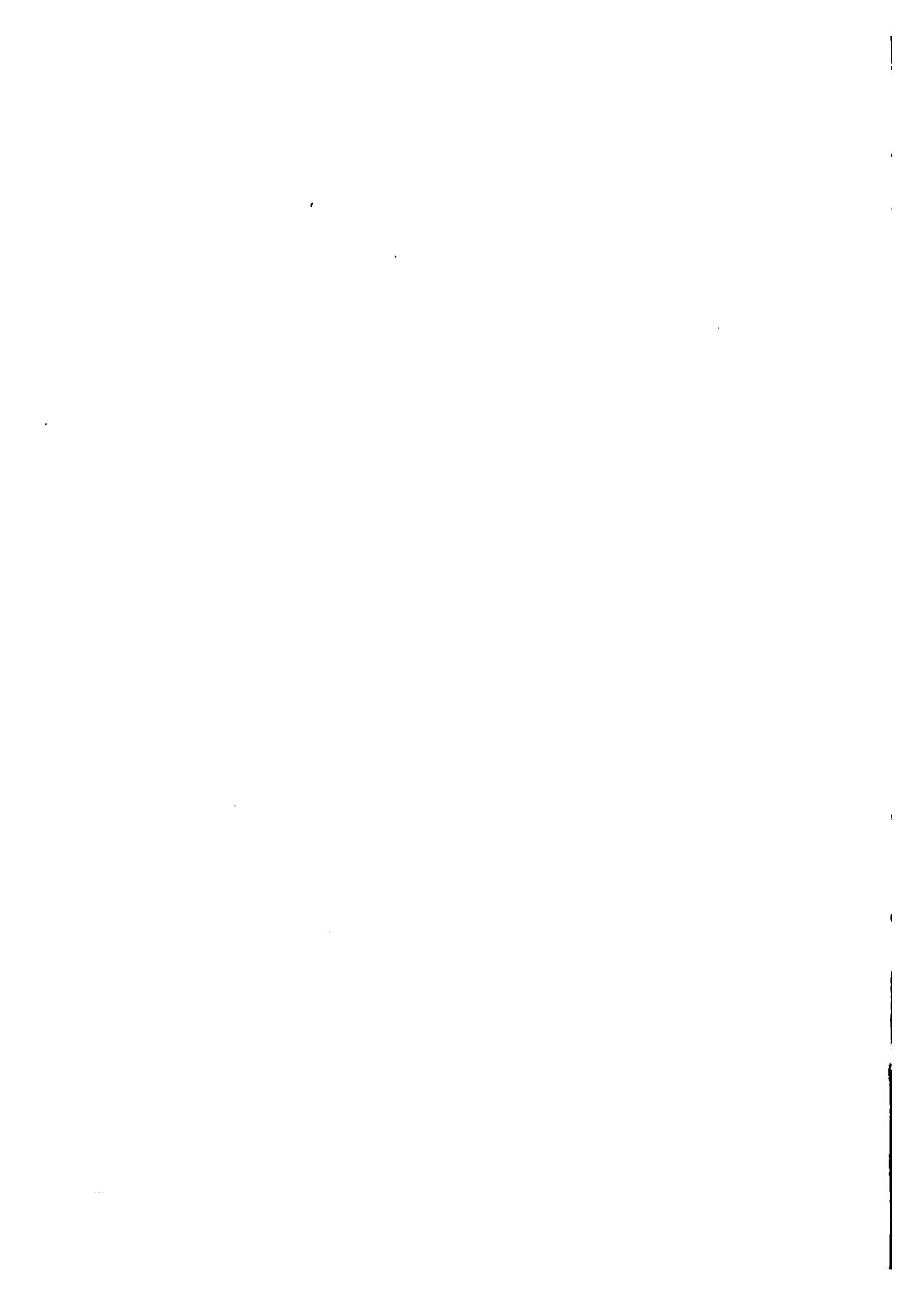
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11 A 26 I. B.
**TO MY FRIEND,
HARRINGTON EMERSON,
ENGINEER, EDUCATOR, PHILOSOPHER,
WHOSE ENCOURAGEMENT
LED ME TO MAKE
THIS BOOK**

281721



THE AUTHOR'S CONFESSION

I confess I had little thought of writing a book when the articles* from which this book has grown, first took shape.

My business life has been cast in a twentieth century mold. As an editor, advertising man, a sales manager and business executive, I have always been most interested in the relation of business to the masses. As a manager of men, whether through direct daily contact, or on the platform, or through the printed word, or in voluntary associations, I have found certain fundamental principles which, when skilfully applied, invariably brought the desired result.

These principles are not easily formulated, nor are they easy of application in the face of wrong practice so old as to have become petrified in a sacred tradition.

But I have seen staid and pompous bankers brought to see them—I have seen them reach the White House as political shibboleths of a party personified—I have seen a great manufacturer blazon them as a new discovery—I have seen other manufacturers meet in solemn conclave to discuss them seriously and wisely—principles and methods which ten years ago would have been dismissed as piffle.

This state of mind, this philosophy, this “way of looking at things,” which has been called efficiency, for the want of a better name, is the old, old, but ever new, cold passion of the scientist for truth, as compared with the careless, purposeless strenuousness of the rule of thumb.

This “way of looking at things” has come to be of great importance—for even as I write there are two ways-of-looking-at-things fighting the bloodiest war of all history.

* Appeared in *The Carton* during 1913.

The one is thinking as Heinrich von Treitschke, the German war prophet, taught his people to think, that Germany is waging a holy war for Germany's right to "a place in the sun," based on the fundamental that "the state can do no wrong." Against this is the-way-of-looking-at-things of the other school which says, ethics bind states as well as individuals; that things as they are should be left to work themselves out in peace.

Without adopting either side as our philosophy, it is these two "ways of looking at things" which are at war.

So in business, the two schools—one saying, "Learn by doing and trust in God"; the other saying, "Learn what is best, then do it, and God will be on your side."

The issue, as the lawyers would say, is joined there.

The following pages reflect one line of argument for the offence.

I am profoundly conscious of its limitations, both as a literary performance and a contribution to its chosen subject. I am rather persuaded to let it go, because I want the average business man to know something of the things I have written. I think I know the prejudices and narrow viewpoint which have so often served to make such men commercially successful at the expense of social, political, and economic usefulness, and I know their class contempt for the man who has never played the game as they have played it.

I believe, therefore, that the very limitations of craftsmanship in this book may tend to make for it a more tolerant audience. This, then, my dear literary critic and wise reviewer of books, is a plea in confession and avoidance. I confess this is not a book of any importance to you—but I avoid the consequences of such defect, by the fact that it may be read with some profit by mere business men like myself.

The book has not been written so much to reform management as to suggest a method by which to manage reform.

It does not matter whether the business man likes efficiency as a philosophy, nor how little consolation he may find for his lack of efficiency in the frequent failures of the efficiency engineer, there is no doubt that the entrance of the scientific spirit of the engineer into all the administrative and executive functions of business, has changed the rules of the business game. Business will never again be the same comfortable, happy-go-lucky, go-as-you-please occupation it once was.

This is a new day, and a new philosophy is necessary to read its riddle.

In a letter written while this book was in preparation, my friend, Mr. Harrington Emerson, reflects this new spirit so well that I quote it here, not so much because of its inspiring and suggestive usefulness, but that I may have a text for all that I have to say in the following pages.

Here is the text:

"Perhaps it is only because of the interest in the work, but each year the problem seems clearer and more simple. There is never need of letting loose of former good instruments, like time and motion studies for materials, men, and machines, but I take a stranglehold further back.

"Recently I have been studying organization. It is astonishing how little has been written on the subject. We all know how defective up to date, individual training has been in spite of generally accepted fundamentals. Therefore imagine how defective the practical schemes of organization when the fundamentals of organization are so superficially known.

"My definition, a tentative one, of organization is—for a definite purpose, the *proper* person ready to use with skill, power, responsibility, and intensity, the proper instruments.

The *proper* person is the most important of the three. To what extent, anywhere, at any time, in any department of human activity is the proper person for a position scientifically, perfectly, and infallibly selected in advance? Such selections do take place in athletics and for orchestras, but where else? That such selections are made in athletics and in orchestras proves that the thought is not Utopian. Why should the practice not be universal?

"We do not play humble puppy as to materials or as to equipment.

"When I buy and test belting or steel wire or babbitt on specifications, I am not taking any chances. When the U. S. Government supervises the manufacture of marine boiler plate and of anchor chains, it is not taking any chances. When I specify a Burroughs Adding Machine, I am not taking any chances. Also, when I specify in advance the qualities required for a particular position and then find the person with the qualities, I am not taking any chances.

"Is it possible to predetermine the essential qualities for positions? Yes. We can make an elementary beginning by specifying health, intelligence, honesty, and industry.

"Is it possible by analysis and test to select applicants with the essential aptitudes? Yes. Health, intelligence, honesty, and industry are not beyond predetermination.

"If this is possible, organization becomes a definite science, as much so as bridge or boiler design and construction. Give us the right man in the right place as a foundation and we can joyfully fortify him with ideals, with common sense, with competent counsel, with discipline, with the fair deal, with efficiency reward; we can go ahead with plans, with schedules, with despatching; we can standardize conditions, operations and instructions; we can check everything with reliable, immediate, and adequate records and with any other principles, methods, or devices that experience warrants.

There is, for instance, the principle, the truth, that as to personality and materials and equipment, the intrinsic value increases faster than cost. This is not so of monopolies like diamonds or Manhattan real estate or pictures of old masters, or Caruso's voice, but it is true of artificial rubies, of farm lands, of photographs and moving pictures, and of phonograph records. Almost without limit the right material is cheaper than the wrong material, high speed steel is actually, comparatively worth over \$1,000 a pound if carbon steel is worth 14c. A sewing machine is actually worth for continuous work \$30,000, if needles and thimbles are worth 10c., and the man who puts successfully "Big Ben" or the Cash Register or the Burroughs Adding Machine on market might be cheap at \$100,000 a year.

"In your own city you have a remarkable man who has been the pioneer in dropping the price of first-class small automobiles from \$8,000 to \$500, who has made millions for his investors and who now proposes to add \$10,000,000 a year extra to the wage fund. As a governmental purchase such a genius might be cheap at \$100,000,000.

"And now one more point. Human beings are influenced by a combination of vital, motive, and mental qualities, powers, ideals. The old Egyptians made the combination out of soldier, king, and priest. In our modern way we may define them as soldier, gentleman, and scholar—not so good as the Egyptian grasp. Every position requires all of the trinity in special and particular proportions. If you cannot find them in one individual you must take as many as may be necessary.

"Just as orange, violet, and green lights when combined result in pure white, so does the proper combination of the ideals of the soldier, of the king, and of the priest result in perfect balance. The soldier grasps the immediate, the king uses for human enjoyment and satisfaction what has been

achieved, and the priest constantly sets higher ideals for to-morrow, for next year, for the next generation, for the next age, for the next eon.

"Without the priest we would still be grubbing maggots, but only the active vital maggots survived ultimately to evolve into priests.

"The right man in the right place is no easy job; it is the biggest problem there is and requires all of everything that is great for even an approximate success. Eugenics would not solve it, for mere eugenics does not necessarily put the race horse on the race track and the cart horse in the dray.

"By actual test we find that three-quarters of all workers including executives are badly placed, while only thirty per cent of applicants are unemployable. The bigger practical problem is to utilize peat, wood, coal, including blast furnace gases, rather than to try to use hydrogen exclusively for fuel. I do not believe there is a useless residuum of over five per cent, so eugenics and sterilization of the unfit are not the all-important problems."

I acknowledge my very great obligation to Harrington Emerson for friendly counsel and encouragement; to F. W. Reed, of my staff, for proofreading, criticism, and suggestions; and to a host of executives, workingmen, and correspondents, who have been the source of whatever is good, helpful, and suggestive in the following pages. As for the rest, I commend it to the tender mercies of the professional critic.

E. ST. ELMO LEWIS

Jamestown, N. Y.

December 3, 1914

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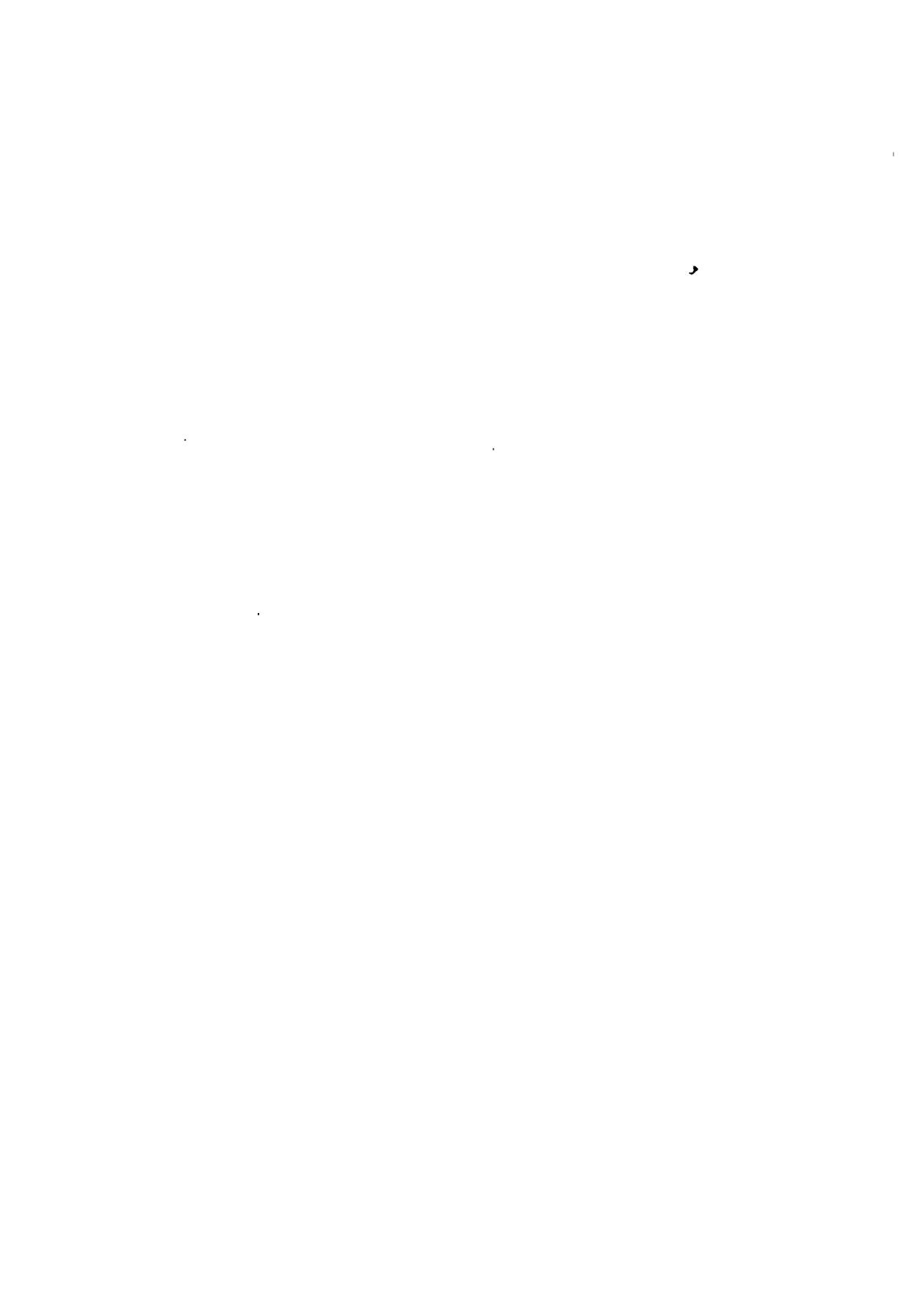
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GETTING THE MOST OUT OF BUSINESS

PART I

Making the Right Start

"No man will find the best way to do a thing unless he loves to do that thing."—JAPANESE PROVERB.



CHAPTER I

THOUGHT AS A BUSINESS ASSET

The tests of an educated man are the following essentials: knowledge, faith, clear thinking, accuracy of expression, self-control, power of initiative, good conduct, good manners.—Selected.

Crooked Thinking

The manager was agitated. A department head had been guilty of a peculiarly asinine display of stupidity that had cost the firm not only money but prestige. I waited a moment—then the storm broke.

“Do you know,” raged the manager, “I’d give ten thousand a year to that man if he would only think about his work.”

I knew that plant thoroughly. The philosophy of its management was summed up in: “Patent your product; buy out when you can’t beat competitors; use the best machinery only; keep your sales force on the jump—the rest is mere detail.”

They hired men not because they were thinkers, but because they had “recommendations” and were cheap. Only that morning the secretary said to me, “No clerk in the accounting department can be worth more than twelve dollars a week.” The employment department made no tests to see if a man thought, or if he had been trained. Thus, the first separation was too coarse, and the result was a high cost of production, whether of thought or machines.

The management was thinking crooked and of course the business was crooked.

Inefficiency was constitutional because this manager's men were not promoted for thinking; they were promoted by the calendar and the time-clock, and for being "faithful to the management."

The manager did not think about men; he swore about men and thought about things — costs, percentages, profits, loans at the bank, machine production, the tariff, and currency reform. He could marshal figures and material in great detail, but there was no generalship in his control of the human forces of the business. He had no standards to guide him in either the keeping or hiring of men, else he would have measured their value by their capacities. He never thought for them, only about what they did. He was a doer and proud of it. He, like thousands of our managers, did not recognize the truth of Stephenson's statement, "The greatest engineering is the engineering of men." He didn't have the right basis for his philosophy of management, and hence he didn't start his men right and their finish was always a problem of vexed uncertainty.

The Value of Thought

This manager could never have appreciated the mental attitude of James J. Hill, who, looking at a young man who had told him that an order which Hill had sent out was wrong, read it over and said: "I believe you'll do—you think."

What is this habit of thought the manager offered so high a price to gain? It is the first principle of successful living. To think right is the final test of a man's value, for it is the necessary start toward right action. It is fundamental to the practical life—the life which says that the efficient doing of things is the test of a man's social value.

What a man thinks is the most important thing about him—much more important than that he is a millionaire. It is more important to know what an employe thinks than what he can do. If he thinks right, I can use him for right doing. If he does not think, and cannot be made to think, he is a liability in everything he does.

As a Man Thinketh

"As a man thinks, so he is," said the wisest man. We assent, but we do not act on the belief.

Somehow the average business man has confounded thinking with what he calls theorizing. We damn theory. It is cheap to be a theorist; but so it is to be a dollar-a-day laborer. Ignoring the good and the bad in theory, we build a generalization upon an exception. As usual, we make too few distinctions—and many of these on wrong grounds.

Every thinker must theorize.

"I would not have a man about me who would not theorize, because he would be prejudiced, ignorant, opinionated, time-serving, precedent-worshipping, dogmatic, and happy only when in tune with out-worn practice he could understand," said the manager of a great electrical manufacturing concern.

The thinker may be radical, progressive, conservative—that does not so much matter. There is always hope for a man who thinks, for he will develop a philosophy of life which will set up standards. He is hospitable to truth; he recognizes his place in the world; he knows that nothing is fortuitous; he respects and observes the law, as he sees it; he changes because he sees all else change. The speed of his adaptation conforms to the needs of his life and his problems, but he changes because he recognizes the necessity for keeping in touch with life as it really is.

As a practical man, therefore, in the most hard-headed

sense of that ill-used term, I esteem the thinker above all the other workers in a business; and the manner of the thinking, and the philosophy which is always the result of the thinking, are the most important things about the man, and in every work I always make a generous approximation of expenses for thinking, research, invention—it is business insurance.

When a manager says, "No stenographer can be worth more than \$12.00 a week," I know he is not thinking right; he is following experience. I know he never has stenographers who are worth more than \$12.00 a week. How can he? He is thinking of \$12.00 a week—not of the value of stenographers. He confounds price and value. His business is going to be no larger than the thinker who guides it.

This means, then, that we may have to change our minds about many things as the first step towards efficiency, but changing our mind is the most difficult thing for some of us to do.

The Moral Risk

J. Pierpont Morgan, just before his death, surprised the unthinking man when he said:

"A man might not have anything. I have known a man to come into my office and I have given him a check for a million dollars, and I knew that he had not a cent in the world."

On the same occasion, he said:

"A man I do not trust could not get money from me on all the bonds in Christendom."*

Yet why should the utterance of a mere fundamental of credit by this banker and organizer cause so great comment among business men? Have we not recognized the moral risk as the greatest risk in credits, insurance, and in business

* Testimony before the Money Trust investigators, 1912-1913.

generally? As a matter of fact, however, character is not the only asset a borrower must have and this is quite as well established among the lenders of money as is Mr. Morgan's personal rule of conduct.

The Thinker as a Seer

What do we see when we look out into our world today? Are we satisfied with the conditions there, and with what we know the future promises? That outlook gives back to each only what he knows about the things he sees. We have confidence in the future only in proportion as we are assured of being able to read the true meaning of the past and present. We can understand the Book of Life only as we understand the words in which it is written. Herein surely lies the reason for the world's unrest today. But to the trained thinker is revealed at least a part of the solution.

The Changing World Problem

Our faiths in the old beliefs and interpretations of the world—of man's part in it, of man's relation to man—are slipping away. The old creeds and faiths do not conform with our new experiences of things as they are; old rewards do not satisfy, do not justify a man's life. We are feeling ahead for new and workable plans in the business world and in our individual lives. We have found that even the gods grow old, for do not the creeds on which we have reared those gods become outworn?

We see the sweating labor of this great nation with its vast resources, and feel a shock of bewildered pain that a people so energetic, resourceful, and willing, should get so little of content, happiness, rest, and satisfaction for the great price paid. Right or wrong, our people are not content with their opportunities and rewards, and are growing restive under present conditions.

I do not believe it is merely the envy of the rich—but a man wants to live beyond the three-square-meals-a-day life. He wants to get above the mere physical plane.

Vocational Adjustment as a Solution

Professor James stated our problem when he said: "How can men be trained up to their most useful pitch of energy?" While only five per cent of people are actually unusable, it is a small fraction of the ninety-five per cent who are so placed as to make it possible for them to work at their most "useful pitch of energy."

Here is the problem—and its key—of the whole puzzling, complex condition in America. When you have put the man where he can do his best work in the best way for the best pay, you have gained the end sought—more satisfaction and content for the man, more profit for society.

Learning to Think Right

We cannot help thinking today about business, capital, and labor, as we had to think about taxation in 1776, or about slavery in 1860. Those who have not been taught to think by accurate processes are none the less forced into new, if impotent, realizations. We may still spend ten times as much for tobacco as for books, but we are buying more serious books than ever. Five times as many books on philosophic and scientific subjects were published in 1911 as were published in 1906, yet the total of all books was but slightly increased. I believe the proportion of "serious" books was larger in 1913.

People are thinking, although as a cynical observer remarked the other day, "Women still get off the cars backwards." Mere thinking, however, does not settle problems great or small. We must learn right thinking as we

learn to sing, for right thinking comes no more naturally to us than correct speaking. Most men of untrained minds seem to think, as Dr. George F. Swain said, "that reasoning is a natural function of the mind just as walking is of the legs; but even if it were true that the 'brain secretes thought as the liver secretes bile,' it certainly is not true that it naturally secretes logical thought. Because a man has a mind it does not follow that he can think correctly."

It is the old familiar comedy, or tragedy, as you happen to view it—the round pegs in the square holes. These misplaced pegs are refusing to stay.

The Vocational Study of Mankind

What are we going to do about it? What is the answer? Should we not make a careful, scientific study of man in relation to the work he does—whether it be in factory, salesmaking, advertising, keeping a set of books, operating a typewriter, or sticking stamps on a wrapper? Out of that study will come facts which we may classify into general laws and principles, the skillful application of which must make the most successful business, the most contented workers, the most peaceful and prosperous society.

This is no Utopia. The process is going on. There are managers with the vision who are accomplishing the happier result.

Standards of Thought Value

In such a study of this subject only general principles can be laid down, but principles are an important, and a most necessary preliminary to the application of methods. Principles are eternal, but methods change with the ticking of the clock. The principle that psychology alone can

help us free ourselves from the illusions of our senses, remains true, whether we understand psychology to be "human nature," "study of the mind," "keen observation," or "common sense"—in preference to the scientific term itself. We shall stop fighting words, when we are more efficient. The fact is we know there are standards of use by which we measure the value of the conclusions of all thinking. We must learn how to apply such standards to our own conditions and personal problems. Let us get started right by finding where we really are and what we really know—in other words, whether we are really as good or as clever or as efficient as we think we are.

A man must have the facts—all the facts—before he can think about them correctly. Half knowledge of facts, or whole knowledge of misinformation, means poor thinking and incorrect conclusions.

We must get the facts of things before we can evolve laws to govern our actions with respect to those things.

Experience as a Guide to Thought

Every day we hear men say they "know" this or that. As a matter of fact, they don't know; they have no real knowledge of the facts. Ask the farmer when to plant melons and he consults his almanac to find which quarter the moon should be in to make it propitious. He has continued to do this for generations, notwithstanding the fact that the moon didn't have anything to do with the successful melon-growing, for the non-scientific man can always find what he is looking for.

Everybody used to believe that the sun rose and set—because "they saw it." They killed Bruno for denying it.

Men must be taught to test their experience by some truth standards to get its value.

Age as Affecting Thought

Most men stop studying when they stop going to school. During our maturer years what we choose to call knowledge is largely made up of more or less accurate observations from our daily experience—the equally ill-tested “experience” of friends and fellow business men, and gossip of the market-place, home and society. This is quite natural.

Between the ages of sixteen and twenty-one we study things, for the human brain is not then capable of grasping fundamental abstractions; from twenty-one to twenty-six we are adjusting our relations to things and other people; after twenty-six, we devote more time to the efficient development of those relationships. These age limits may vary, but they will be found as fairly well-defined limits in this temperate zone.

CHAPTER II

EFFICIENCY AND ITS APPLICATIONS

Thought under scientific management is 75 per cent analysis and 25 per cent common sense.—F. W. TAYLOR.

Efficiency Adjustment

As a nation we have given most of our life to studying things, finding out what resources the country had, but today, in this revival of interest in the scientific method, we are endeavoring to find our proper relationships to things, conditions, and other people—through conservation, for instance. The old-new gospel of efficiency is nothing but a program by which this adjustment may be accomplished most effectually with the greatest result. So man, as he ever has and must, demands the confidence which goes with a purpose and a plan in his business life.

The efficiency of this purpose and plan will be measured by what it produces in the way of satisfaction to the practical, emotional, and scientific natures of man. As Protagoras said: "Man is the measure of all things, determining what does and what does not exist." The plan and purpose of life as each works it out for himself, must save us today from errors of thought, wastefulness of effort, and the cowardice which haunts the soul of the gambler.

The Efficient Life

If I do the square thing by my neighbor, if I am loyal to the vision in my soul, if I can look all the real facts of my life squarely in the face, with calm eyes and level

brows, misleading neither myself nor another, I am content to leave the rest to Him, who will neither forget nor waste me. Nature does not ignore us, she is not indifferent, she co-operates with us. When we are true to her, she will be true to us. We must play the game according to the rules. What are these rules of the efficient life, by whose skillful use we may gain all to which we are entitled? Is not this the great problem which we must face and which we must solve? We halt and stumble, and grope, and fumble, until we learn the game.

We must learn the real causes of success and failure, know what has been done, see what is doing, get a vision of what it is possible to do and of the part we are best fitted to serve in that accomplishment. That knowledge lies within each of us, for every soul is a world as "a drop of water is a sea in miniature," and we shall see only what we know. Complaisant Common Sense says that each man, sooner or later, finds his right place. As a rule, yes, but experience says it will pay all concerned to help him find it rather sooner than later.

Society is demanding that the value of Jones to a business be determined as accurately as the value of a typewriting machine to a business. The science of fixing the powers, places, and the values of men will be standardized in the most efficient organization of society, as it is now being done in the most efficient business organization.

Practicality and Dogmatism

The practical man, and I dislike to give so good a name to so poor a thing, is a dogmatist because he does not require scientific standards to prove his contentions. He is a Bourbon because he dwells almost entirely in yesterday's practices and is a theorist of the most trying sort

because he explains realities by the illusions of his senses. The department store, the combination of little businesses into big ones, the cost keeping systems, the charting of demand, loose-leaf books, card methods, adding machines, machine sorting of statistics—all these things were ridiculed and damned and cried down by the “common-sense” of the “practical man.” Has he learned anything? Of course not; because he dwells in the past he considers it impractical to think, to dream, to plan for the day after tomorrow.

A Classification of Mental Types

That clever Englishman, H. G. Wells, recently put it aptly when describing two types of mind* (one of which I would again subdivide):

“The type of the majority of living people is that which seems scarcely to think of the future at all, which regards it as a sort of blank non-existence upon which the advancing present will presently write events. * * * I think a more modern and much less abundant type of mind thinks constantly and by preference, of things to come and of present things mainly in relation to the results that must arise from them. The former type of mind, when one gets it in its purity, is retrospective in habit, and it interprets the things of the present, and gives value to this and denies it to that, entirely with relation to the past. The latter type of mind is constructive in habit; it interprets the things of the present and gives value to this or that, entirely in relation to things designed or foreseen. * * * The creative type of mind sees the world as one great workshop, and the present is no more than material for the future, or the thing that is yet destined to be.”

We shall go further than Mr. Wells and divide these two general classes into three types:

- 1—The rule-of-thumb man.
- 2—The practical or systematic man.
- 3—The scientific or efficient man.

* “The Discovery of the Future,” an address before the Royal Institution.

The Rule-of-Thumb Man

The tough-minded rule-of-thumb man goes only by facts he knows; these he judges by what he sees, hears, tastes, feels and smells, but he sees nothing in anything that does not appeal to experience as he has recorded it. He is rather fond of boasting that he "believes nothing that he hears and only half of what he sees." At the bottom he hasn't a very good opinion of mankind, or, in fact, much faith in the future.

Such a man is the farmer who plants by the moon and reaps by the grace of God.

Because he believes nothing is certain, of course, the rule-of-thumb man is superstitious. He is constantly occupied in patching and tinkering all his illusions, old prejudices, superstitions, and few beliefs as fast as he runs into new experiences that he cannot ignore. This forced patching he calls "progress."

In business we find him the proprietor who hires an accountant to make his books tell him something, but wants them "kept his way." We find him where advertising is grafted on old selling methods, and salesmen think the advertising appropriation is being taken out of their salaries. Such are rule-of-thumb methods of thought and action, under which men must be kicked into improving before they are ready.

The god of the rule-of-thumb man is Experience.

The rule-of-thumb manager must be taught that his business is not "different," that experience is not necessarily knowledge, that just because he called appendicitis "inflammation of the bowels" didn't make it anything but appendicitis.

The rule-of-thumb man must have his vision enlarged, else it becomes ingrowing. As a type, he is lacking in imagination, and therefore complains because the talks of

the Board of Commerce and articles in the trade papers, are not about his business. He lacks the power to adapt, because he can only imitate. Imitation works in a vicious circle, repeating old errors until they become enwrapped in the winding sheet of sacred tradition, as grandma's remedies, and father's policies.

Have you not heard him ask, "What does that fellow know? What has he to show for it? I have made more than he has; why should I pay any attention to him?"

This crooked reasoning is a mere commonplace among business men. Think of the thousands of Diesels, Steinmetzes, Metchnikoffs, Pasteurs, Darwins, who would have to be sacrificed if the great common sense of the world acted by the rule-of-thumb standards!

Of course, the rule-of-thumb philosophy in real life fails and, because it fails so quickly in managerial positions, it is found principally among routine workers, such as mechanics, bookkeepers, correspondents, and classes requiring but little education, and among small business men where the mortality is so high.

The Practical or Systematic Man

The practical man is the rule-of-thumb man plus system, and a wider appreciation of the value of the lesson to be learned from the common experience, which he calls common sense.

The practical man's common sense is the first evidence of education—when one man realizes that all others have something that he can learn which will be of profit.

The practical man looks forward as well as backward. He makes comparisons, but thinks largely by external resemblances. He still works through personal standards.

He makes one great fundamental error. He measures men by himself, and believes all that the successful tell him.

The practical man knows that nothing is all good or all bad. He wants experience because he feels what has been done is the only safe guide. He has a dash of skepticism and superstition because he is not exactly sure about the existence of anything like law in the universe. The practical man has a god too; it is Compromise. And his creed is, "Never be the first to try a new thing, nor the last to drop an old one."

The practical man, in the popular phrase, is the man who has observed certain current experiences of himself and his fellows in a way to protect himself and his conclusions for the day. As Lord Beaconsfield said: "The practical man is he who continues to repeat the mistakes of his forefathers." A life plan must have something more to offer than the observation by one man of the things happening about him. A plan must be good for tomorrow as well as today. Common sense says paper money is most convenient to handle, but common sense does not say it is a dangerous currency on which to build a country's trade.

It is obvious that the practical man, no matter how willing he may be to accept facts, how much he may admire facts, how eagerly he may pursue facts—if the accuracy of his observation and his fact-standards are deficient—is open to the failure which comes from well-reasoned error. He must see things as they really are—not as they appear to be, for, as we have already noted, he can see in a thing only what he knows about it.

The practical man profits by the failure of the rule-of-thumb man. He profits by a vastly greater quantity of experience, but its quality is but little improved. He tries to test the quality of all experience by his own, but because he places doing above thinking, he places all his work in peril of the desire to "get it done" which hurries him to half-baked conclusions. As a compromiser he

recognizes the "necessity of the hour." The American type of manager is an expert compromiser.

The very essence of compromise, however, is time-serving. It is useful only for its hour. As another has said—"A compromise is a device by which both parties get less than justice." The compromiser has a fear of doing anything that is right just because it is right, but he adopts the policy of doing what is right to the extent that he conceives to be practicable or expedient. The practical man is too often a shabby coward in his business morals.

The compromise in the hands of a scientific man becomes a device by which to do right without friction, because he knows what must be done, and by a progressive education of his organization or his people ultimately gets it done in the right way.

To do right bit by bit is to continue to do evil for a long time. So we see in many businesses, contests covering years, between heads of departments. At last, one or the other leaves the business. Then we find a sudden readjustment along the lines of the contention of one or the other of them for all that period. There was a compromiser for a manager.

The man who can see only a few things as they really are, in their true proportions, must know a lot about them, and to do even a few things as they should be done, he must have an ability far above the average.

The Scientific or Efficient Man

The scientific and efficient man goes a long step beyond the practical man, because he goes beyond the mere appearance of things, beyond experience as offered by untrained observers, beyond the senses—and he thinks. He sets up standards of truth. He measures things by prin-

ciples, not impressions. He looks ahead because he knows that if he takes care of tomorrow, today always takes care of itself.

He is more practical than either of the other two types because he has a greater respect for real value as against mere price.

He is more tough-minded than the rule-of-thumb man; he is as systematic as the practical man; he does, however, something which neither has done; he places certainty above the natural illusions of the first, and demands knowledge as against the mere experience of the second.

Fundamentally, the practical man is cynical, for he knows the world and his competitors are likely to be ignorant. He thinks he knows as much or more than they. He is willing to take a chance.

The scientific man never underrates any one. He strives to decrease the element of chance. He never banks on ignorance. He believes the greatest asset in business to be trained brains, and he begins with himself. He plans this work of training, organizes to do it, because as nothing happens, he does not believe that haphazard methods will get efficient results.

Progress Is Change

A very successful manufacturer once said to another: "As soon as I find one of my managers making no changes, I put my professional thinker in touch with his work, just to see if he is using hindsight or foresight."

The man who stops changing has stopped thinking, and the man who does not think is drifting—always towards the rocks.

Efficiency is in a constant state of flux, applying old principles by new methods to new conditions. In the efficient organization no method ever long remains un-

changed; the efficient man is always growing, changing, progressing. In other words, the efficient man works through a philosophy, which is a state of mind, not a plan, system, or method.

He lays all knowledge and experience under tribute; thus he absorbs all that is true in the experience of the rule-of-thumb man, and all that is practical in the knowledge of the practical man, and goes beyond either to give the results order and proper relationships and values.

Common Sense and Science

The greatest danger with the scientist in business, is that he may get to playing chess with business. He becomes so absorbed in the intellectual problems of the game that he forgets to ask, "What's the use?" and to cash in as he goes along. It may be worth while for a man to be able to square a circle or to think in terms of the fourth dimension or answer the riddle of the Sphinx, but before I try to do it, I ask myself, "What's the use?" And having my answer, I must decide, after I have thought upon it, whether it is worth while.

Common sense gives power to knowledge and makes wisdom in the process. Any man may have sense in that he is logical and careful and conservative and looks on all sides of a problem and modestly feels his unpreparedness to answer all questions at once and in the final analysis, yet remains a thinking machine. He must have this common sense, the sense that keeps him close to earth, that keeps his feet on the ground and sensitive to the fact that the world is moving every second and calling for something worth while to be done today.

Common sense is to learning what the alloy is to gold—it hardens it—making it usable in everyday life.

The rule-of-thumb butcher keeps his meat on the

block where the flies and the grimy fingers of Mrs. Polinski render it unfit for consumption. The practical butcher keeps his meat in a refrigerator, taking it out to show the customer, and meanwhile "keeping it clean and at the right temperature." The scientific butcher places his meat under glass in a showcase, into which he has run his refrigerating pipes, and applies the common sense of scientific salesmanship by keeping the meat clean, cold, and in an attractive view.

Education for Efficiency

We find education in a bad way from a too practical educational tendency of the educator, who has systematized his function with respect to his own work and not humanized his function with respect to his social obligations.

Education should help a man to think, to be orderly and logical in his processes of thought, to be accurate in his observations and discriminating in his judgments, and should fit men to meet the requirements of a complete life.* It is notorious that our educational system has failed to do this thing for our people. As a matter of fact, trained reasoning now plays an increasing part in many of the processes of business, engineering, and accounting, but a very small part in distribution.

As men of scientific training come into the managerial positions we notice an absolutely new force at work in an entirely different way, accurate thinking, working through simple systems to predetermined and valuable results.

So we need something deeper, wider, more funda-

* "There are said to be about 2,000,000 boys and girls in the United States between fourteen and sixteen years of age out of school, and for the most part at work in gainful occupations. . . . They leave school by the end of the sixth grade. . . . Half of all the children who enter American schools so, leave them, uneducated, undisciplined, undirected."—H. E. Miles, Chairman Committee on Industrial Education, National Association of Manufacturers, Bulletin 34.

mental, of more general application, than the inexpert testimony of the individual experience or even that of a village, a trade, or an industry. We must go after general experiences and their ruling laws; then we can get in line with nature. We must organize this common sense. Find out what is not common to all real experience, and what is not sense at all if tested by the standard of reality. Then we shall have a science, as Huxley pointed out.

When we talk about the great fundamentals of our national existence, we must get away from the rule-of-thumb and the merely practical, although we shall have to examine all fundamentals in the light of their effect on the individual.

The man must get in tune with the times for the times will not get in tune with the man.

The man who does not every now and then go down to the foundations of his business, to the fundamentals of his personal capacity and performances to find out what he has of real value, and to look himself squarely in the face, is playing luck against law.

CHAPTER III

EFFICIENCY AND ITS PROBLEMS

Control of thinking is of the very first importance, because it is control of causes; and control of causes is control of consequences, which are the result of those causes.

—A. M. CRANE.

“Where Are We At?”

It was ungrammatical, but none the less eminently scientific, for the Southern congressman to ask: “Gentlemen, where are we at?”

Before we start to specialize on the details of how to work efficiently, and, therefore, before we start to do anything, it is important that we find out what we are and where we are—get our right place and function fixed in the Great Scheme of Things as They Are.

We leave too much to majorities; we follow them too blindly. Just because a hundred men said advertising didn’t pay, couldn’t make the assertion true even of the business in which they might be engaged but should only cause inquiry into why the particular advertising didn’t pay, or if, as a matter of fact, it didn’t.

Thought as a World Force

Great movements always start in the minds and hearts of a few who remain for a time obscure and unknown, for all great changes of thought and morals come from the top—from the thinkers. We call them radicals and theorists, but they make the world move, because they compel the world to think.

Slavery was an economic issue as well as a humani-

tarian principle. It took the oratory of a Phillips on the platform, the fanaticism of a Sumner in the Senate, the pen of a Harriet Beecher Stowe in fiction, the sagacity of a Lincoln in politics to make the issue plain to the average men and women of the nation. The nation had to be taught how to think right about slavery before it was ready to act right about slavery.

Present Day Problems

Scientific management has been applied to factory conditions for thirty years. Yet the public awakened to its real social significance only when the rate hearings before the Interstate Commerce Commission showed what disaster was bred by the rule-of-thumb methods of practical railroad men who worked without a vision of the morrow.

Our problems today are the humanizing of law, religion, tariff, currency, and business, for the same reasons. We must find out something about the man-value of these things.

We have always looked to the Constitution of the United States as the covenant that this land would be every man's land of justice, plenty, and equal opportunity and that we should not expect to accept these things as a largess from a man, or a class.

Too Much Lawyer-Law

The final solution of the great national problems confronting us today lies in the creation of new valuations to fit American conditions. The terms in which Europe thinks will not do for us, because we have different things to think about. Europe still thinks of great individuals.

We must think in results to men.

Law in this country is made too much for lawyers by

lawyers, for we have more law than any other five countries on the face of the globe, with the consequence that Public Opinion remains the only safeguard of Justice. Laws will change as man progresses, because Justice must not be strangled by the subtle technicalities of the lawyer who conventionalizes Justice into a system. We will go back to first principles and discard that which does not work.

Religious Problems

Religion is in a state of change and flux. Man naturally fights the stained-glass attitude of the church. He will again humanize the church because he needs religion.

Tariff Problems

The tariff costs the country too much, but the settlement will have to be made on a scientific basis from which we shall find out the truth about the operation of the tariff. A permanent tariff commission, like the Interstate Commerce Commission, is a scientific method. We shall have to use thinking men in tune with the times, who will get all the facts without reference to this or that economic theory of a different civilization, to the desire of this or that industry or interest, or to what may be considered political expediency. Then, when the facts are known, we shall solve the problem and strive to do what is in harmony with the laws of an efficient national progress.

Labor Problems

Labor does not get its just share of the profits because capital does not get the full benefit of the power of the worker, and society is not receiving its equity from either. There is too much waste.

Unions place a premium on wasting man-power, by not using it at a high efficiency. The coat-makers' union raises wages, the butchers', the bakers', and the candle-stick makers' unions raise theirs; the coat-maker ultimately pays out much of his raise in the increased cost of meat and bread demanded by the butchers' and bakers' unions, and capital gets an added price, interest, rent, and so forth, to get back what it cost.

Capital pays in the first place, the bill for lack of education, lack of right thinking, the bad training (which, by the way, the consumer, including both the capitalist and unionist, pays ultimately) when the union fixes its rates of pay on the average of inefficiency instead of the average of efficiency.

Capital always has the last and most effective chance to get its money back.

Problems in Politics

In politics we think not enough of the nation, but too much of the Fourth Precinct of the Second Ward of the City of Piffleberg. For we can't get away from our personal experience standards in politics any more than we do in business. The most of us will always think as Pifflebergers, but if some learn the principle of separating our important national issues from merely local issues, many will learn not to vote for a man for President just because he happens to be on the same ticket as their choice for dog catcher, or vice versa.

The New Order in the Business World

In business practice we have found that the old policy of "live and let live" does not work when it means letting the unfit live at the same price as the fit.

In a way the attitude of the American business man

has been changing. A few years ago business was a go-as-you-please race. The young man started in business without special preparation because "business education was a theory." Everybody was expected to sow a few commercial wild oats to make one or more fairly ethical business failures. The young man generally went into a business because he "supposed there was money in it" which looked fairly easy to get. Often he dashed from the retail grocery business to grain brokerage, from that to wagon making, or to take a flier in "gent's furnishings," and so on until "he found himself." We thought as a child he had to have measles, mumps, whooping cough, and chicken-pox, and so we excused these business antics as the "infant diseases" of his commercial life.

After a long agitation by thinking men, the business world woke up, discovered that it cost too much in failure and unrest to put these men through this try-and-fail course of training; others said it was useless anyhow, and our co-operative credit associations and bankruptcy laws have greatly lessened the evil. We do not now think "infant diseases" necessary in the home, either.

But in hiring employes we continue the hire-and-fire, try-and-fail method.

CHAPTER IV

EFFICIENCY AND ITS STANDARDS

Standards of Business Efficiency

We are creating some new standards of business efficiency by a scientific analysis of old business experience. We have found that it is very important to determine what a man knows about his business because we learned that what he doesn't know is responsible for sixty per cent of the failures.

What should he know? How should we measure the efficiency of his knowledge before the sheriff slips in with his appraisements? The requirements are being standardized in a haphazard way by our credit agencies, but, working true to nature's anti-waste law, we must be more scientific in our methods.

What a bookkeeper knows about the best way to get at all the facts and figures of our business, is the true measure of his value to us. How shall we measure his efficiency before we let him "try the work" to find out?

The Basic Principles of Efficiency

Efficient standards are obtainable and workable because anything that should be done, can be done.

Reduced to a one-two-three basis, then, the present situation finds the more efficient managers recognizing and applying certain fundamental principles:

First—Find the specific purpose of a thing or an act.

Second—Establish the real facts about our experiences.

Third—Establish the real facts about the experiences of others.

Fourth—Think in facts, not impressions or gossip.

Fifth—Arrange the facts in related groups; for instance, facts about the functions of selling and advertising, office, and factory work.

Sixth—Get the true relations and correlations of these various classes of facts.

Seventh—Record the data and develop the data.

Eighth—Harmonize a plan of action.

A National Business Bureau

As this is being written, an agitation is developing among the business men of America, in favor of a Federal Bureau of Business Practice, which will become a part of the Department of Commerce.

There is no reason why such a bureau should not be established, doing in a constructive, developing way for the business man, what the Department of Agriculture* is doing for the farmer or the Department of Labor for the laboring man.

Such an idea naturally appeals to the open-minded business man, because he realizes that what he lacks is the necessary amount of general facts upon which to base specific judgment. He recognizes that his own experience is not sufficient. Such a Federal Bureau would bring together the experiences of thousands of men and they could do so without any increase in the amount of information they are obtaining now for other purposes.

Thus we get at the best way to live and work whether

* The Department of Agriculture, U. S. Government, quite recently established an Office of Markets for the study of basic principles involved in this problem—i.e., marketing and distributing for a wide dissemination of information relating to it and for the demonstration of such methods as may seem to promise the best results.—W. H. Kerr, of the Office of Markets, Department of Agriculture (System Magazine, June, 1914).

it be as an individual, as a social unit, a one-man concern, or in a ten-thousand-man octopus. Viewed from this angle, we may realize that our attitude of mind and our method of thought are vital to our very existence. It may be easy to think. It may be easy to get experiences of others and ourselves. It will be hard to find the real facts and most difficult to harmonize them into a plan of action, because we must be scientifically accurate in our methods. We must be very careful, as the great Frenchman once said, "lest we find what we are looking for," the pitfall of investigators. We must have some sort of mental scales or standards by which to test the real use-value of the facts which influence our judgments and actions.

The Luck Theory

"Why all this trouble?" asks the practical man. "I take life as I find it; I've been pretty lucky."

Luck is not an efficiency principle, for, contrary to the belief of many, things do not "just happen."

This luck theory of life is an example of the importance of right thinking. Good luck is a matter of law. No man or woman succeeds who does not, consciously or unconsciously, obey natural laws.

The man who succeeds is called "lucky." That is but a half truth. He swims with the tide of the law, he has been started right. Some day more of us will start ourselves and our children right.

The man who was born "lucky" and finds out why, is a genius like Paderewski instead of a natural musical prodigy like "Blind Tom." Which would you rather be?

The man who neither swims with the tide, nor knows there is a tide is our familiar form of failure. The successful man is not lucky, the failure is not unlucky, how-

ever, because the law worked any differently for the one than it did for the other.

Carried to its logical conclusion the luck theory of life makes predestination the only hope and leads us into a blind alley of fatalism. There is no use in anything. The belief in a capricious goddess of Luck "makes cowards of us all," for we fear that she may desert us; she makes us dull and lazy, for there cannot possibly be any use in preparing to do anything, to study anything, for fickle Luck may go against us.

The Success Principle

Success doesn't happen; neither does failure. Both are the result of laws as rigid as those of the Medes and Persians.

Franklin found the principle of success misnamed the Luck Principle. He applies this principle of success, as he tells us in his autobiography.

The man who takes care of the pennies—not the copper ones, but the penny wasting actions—who buys on a penny basis, who sells on a penny basis, and who knows what he is doing, is the man who commands luck.

The manager of a delivery department who cut out the extra motions in wrapping bundles, cut China packers from twelve to four; the bookkeeper who first used a line for the penny ciphers in all amounts in his bookkeeping, cut out one-fifth the motions in his work; and the man who had his books ruled for unit columns and cut out the line saved more time and money; the advertising manager who taught the girls in a mailing department how to fold and enclose circulars with two fewer motions, increased the output eleven per cent. Such things are what make "lucky" men.

Thus does the new gospel of efficiency make for greater

faith in the eternal reign of law, and a more serene confidence in the surety of an adequate reward.

The Gospel of Efficiency

The gospel of efficiency will meet human needs better than they have ever been met, because it is dedicated to finding out what those needs really are and how to use the man-power of the world to minister to them.

The rule-of-thumb type says, "It will not work." The practical man says, "What's the use of upsetting things?" Nature makes it work, is the answer to the first. Things are already upset, is the answer to the second.

These men, some honest and others merely dull, are forces with which efficiency must reckon. Efficiency standards will always be obnoxious to the shirker who doesn't want to be compelled to show what he does. He is the "commonplace person" of whom Sir Arthur Helps said: "They live by delay, believe in it, hope for it, pray for it."

The man with a pull, and every concern has one or several, will object, because his record goes down in black and white and his "pull" must work in the sight of all men.

The union man, who talks loudest about the "right of labor" as something different from the rights of any one else, scorns efficiency because he wants to make work for as many as he can, at as big wages as he can, without reference to production.

The clerk, who has good reason to be afraid he'll be fired when two clerks can do the work of three, declares it to be "unfair."

The manager who holds his job by divine right of promotion and comparison with mediocrity, will dismiss it as "unpractical."

The Cult of the Incompetent

In the aggregate these types form that cult of incompetents which is organized in business of all kinds, in society, in government, and yet is an organization without conscious membership.

The motto of the cult of the incompetent is, "The good old ways forever." These incompetents are in force in every organization. They listen but do not act—they are the paper pushers—they are the fellows who say, "It's all right in theory, but it won't work"—they are the men who resent "new fangled ideas," because they mean change. The cult of the incompetents is the only order to which men elect themselves yet never admit they are members.

It is invincible.

Such a view is human and to be expected from those who have not been taught to think in the right way.

When we show the worker how to do more, be more, and get more; and the manager how to raise wages and decrease costs, the scorn of new ideas will turn to discipleship. If it doesn't, then the business is well rid of dead wood which is not thinking of the business but of its job.

Efficiency Obstacles

In dealing with the larger problems of commercial, of political, and of economic efficiency, as they relate to the greater interests of business and society, it is almost impossible for a business man to be accounted "safe" unless he subscribes to the doctrines of a class that has already obtained its share of the world's riches and now wants things left alone while it enjoys these riches. Any-one who witnessed the browbeating and blackguarding tactics of the attorneys for the railroads in the rate case

hearings before the Interstate Commerce Commission will understand how this attitude appears in practice.

This attitude, however, need not discourage us, because it has always been the same and must be accepted as the part of the human data to be considered in establishing greater efficiencies.

The worker will have to be taught to do the best thing in the best way; and the employer taught that it will not pay to cut wages the instant skilled operators, clerks, and heads of departments make more than he has paid mediocrity. This gospel calls for two benefits—one to the boss; the other to the worker.

Efficiency Standards

We—society, worker, and employer alike—must realize that standards of efficiency, scientifically ascertained and fixed, are coming into business to benefit all of us. In the factory where the collapse of the bonus system has been due to proprietors who failed to realize that brains are a necessary preliminary to thinking, where bonuses were paid by false standards set by incompetent rate-fixers, a new conception is making its way.

The time-clock standards of judging the work of office help are failures and never were anything but makeshift disciplinary measures at best.

Office men and managers should be judged by the value of what they produce—not alone by their hours of labor or their length of service. Promotions should go by recorded efficiencies and not by the calendar.

Imagine, if you can, what would happen to German commercial efficiency if men were promoted on length instead of quality of service. Even the Japanese business men hold examinations before making promotions.

Why did you give that stenographer a raise? Because

she would leave? Maybe that would be the best thing that could happen. Why did you refuse that clerk a raise? Do you know what he is doing and how well he is doing it? His actual value to the business may be three times that of the stenographer.

The Lack of Efficiency Requirements

The lack of proper standards by which to value men has produced friction and has resulted in the knocker and the chronic sorehead. Pretty motto cards will not remedy that evil, but fair dealing with man's power will. The average of human nature is high enough for that.

The indifference of clerks, the scientific soldiering by which whole groups of workers made a very little work go a very great way, have been met by the childish remedy of deliberately undermanning departments. This has created that other evil, night-work, a flaring sign of inefficiency in departmental management. Make no mistake, we need thinking and study at the managerial end of business.

For, "the modern shop must be a schoolhouse and the manager one of its pupils," warned Hon. William C. Redfield. An efficiency engineer on one occasion, told a group of business men: "I have no trouble in getting the factory men to accept efficiency; it is the managers who make the trouble. The managers want to get better results their way. They don't want to learn new ways which point to their inefficiency of management as the causes of waste."

The lack of sufficient mechanical equipment for the handling of accounts and statistics in our large corporations, the ignorance of sales-making data by salesmen, the lack of scientific data as a basis of credit, the waste in our advertising expenditures, the myopic disregard of the call

for adequate records of the real activities of the business, the ready sneer of managers for the specialist who has had experience in scientific measurements of man's powers—all constitute that lack of open-mindedness and foresight which produces the commercial inefficiency, and which gives color to the workability of the luck theory of human life.

The Use of Efficiency Standards

The calm belief that "our business is different" is probably one of the most prolific reasons for failure and inefficiency. In what concrete ways, as a matter of fact, are your business conditions different? Think it over quietly—and list them carefully.

A certain manufacturer had an employment department costing him over \$6,000 a year. It cost him an average of \$9.15 each, besides wages, to get and hold an employe an average of one month. The factory hired and fired 1,341 men in a single year, at a cost of nearly \$12,600. The introduction of a foreman's school with expert rate and task setters lessened the firing by nearly 60 per cent—but the superintendent had to be discharged before the "fool ideas" could be put into effect.

Another case in New York where stenographers were tested according to speed standards and the special requirements of the different departments, stenographers were paid 18 per cent more than the average elsewhere but were producing 30 per cent more work. Yet in the average office "a stenographer is a stenographer." That it isn't true makes no difference, except in the pay-roll.

Since the Curtis Publishing Company adopted scientific methods in hiring, testing, and teaching stenographers the cost of getting a competent one has gone down from \$100 to a little over nine dollars apiece.

Standardized Efficiency

There is no reason why every job in any business should not be standardized, *i. e.*, a best way developed for measuring the efficiency of the man who is filling it, just as there is no reason why every merchant should not be able to appraise his own business in relation to every other in the community, and find accurate relationships between his experience and the common experience. Yet how can we be honest with ourselves or with others unless we know the truth of what we see?

It does not matter how persistent may be the profitable results of any line of work, action, or thought to the man who does not know why. He is tottering on the edge of a precipice—not knowing what lapse of skill or time may force him over. Efficiency prefers to build a fence at the top of that precipice instead of a hospital at the bottom of it.

We plant the acorn that we may saw the oak a generation hence; a few weeks produces a squash. Do we not plant a lot of squash seeds and then look for oaks?

The Man and the Vision

The employe or the employer can adopt the today or the day-after-tomorrow attitude toward his work or his business. If a man works for today only, he can always think about something else than his plan and purpose; if he works for tomorrow he will have a chance to think about nothing else. Once I said to a friend of mine: "This job isn't big enough for you"; and his answer was, "I'll make it fit." He did. He is now the president, but he looks after the advertising, his old work.

He had a vision and was loyal to it.

I never forgot that lesson, for in after years it came to me in a lesser way, to gain a vision of my relationship to a

business, and that memory helped me to remain loyal to that vision and to realize it against predictions of failure, the sneers of the incompetents, and even the passive hostility of a general manager.

Let the man learn to see his work, as Balzac said: "In its roots and products; in the past which begot it, in the present when it is manifested, and in the future when it develops."

When the cost-keeper has a chance to introduce a time-saving method which has proved successful elsewhere, and meets it with "Does that fit into my system?"—he works by tradition—not by standards—and is not scientific. If, on the other hand, he judges the known results of his system, he is scientific, and I think you will agree with me, a safer and more practical guide for any business.

What Will We Do With It?

Marshalling the results of our deepest researches into the facts of business progress, its laws, and its energies, we are at last face to face with human nature in man, and with him collectively as the world.

What are we going to do with the man?

We must rationalize this topsy-turvy world of our senses and knowledge, for we must work from a deep and abiding sense of the likeness of all human experience. We need a gospel, for we are human, and we need to have it set down in front of us that we may from time to time go back to it to refresh our beliefs and refurbish our ideals. We need to be reminded now and then that the world has grown beyond men to Man, that we must measure our performances and our growth by the world's yardstick of thought and powers, not alone by our little pile of dollars and dimes.

So the new gospel shall take for a part of its creed some things true to what a friend of mine calls his philosophy of Americanism:

To each man according to his powers.

To each place according to its requirements—and no more square pegs in round holes.

We shall deal in scientific facts and figures, not in clairvoyance or second-sight; we shall aim to cut out the "bluff," and the cant because we shall know what we can do and be sure that we shall get it to do.

We shall cultivate Reason instead of the Big Stick in the Manager's Office. We will keep our eyes on the future, and leave the Dead to bury its dead.

We shall organize for co-operation with all the best powers of ourselves, and with all the best in all others.

We must believe that men will win here and not have to die to find out.

We believe that the man who believes, cares more for the results, than how much a day. The ideal is to do all that one can in the best way that one can.

PART II

What's The Use?



CHAPTER V

SOME BUSINESS POLICIES

All the revolution that mankind is yearning for is just this: To make men look in the direction of their work, to emphasise service and not wages, to ask, "How much good will it do?" and not, "Does it pay?"—ERNEST CROSBY.

The Book of Rules

One day Marshall Field sent a little brown book of some hundred and twenty pages to each of his employes. It was called a "Book of Rules." In the introduction Mr. Field said to his employes: "The object of a rule is not to abridge the rights of anyone, but to point out the path which experience has taught us is a wise one to follow. The traveler making his way over unaccustomed roads is grateful for the guideposts which tell him the way to his destination. He never complains when the sign at the crossroads tells him to go the uphill way, for he is glad the sign is there, and obeys cheerfully because he knows he is on the right road."

This was a compliance with the principle of "Getting the Right Start," by helping the employes to think right about the discipline necessary in a big store. It was common sense anticipation of a most natural question from any employe who received the book—"What's the use of all these rules?" for the American likes to pass laws but he doesn't like to obey them.

The Field "Book of Rules" told the girls how to dress, what sort of moral associations employes should encourage outside of business, that a salesman should say "Men's goods," not "Gent's goods," and so on through many concrete directions for omitting wrong actions and methods.

The observance of these rules has given to Field's organization that unique character which makes it a standard throughout the world for retail management, and, of course, profitable to its owners to the extent of millions of dollars a year.

The average successful American salesman, clerk, or department head, possesses a high level of common sense, but at the same time, he is handicapped by a lack of definite vision of the future in his work or business, and of ideals of service. But he is open-minded to definite instructions.

There is a good deal of "bluff" in the most of us. We are like those fortunate sailing masters of which another wrote, who crossing unknown seas, by favoring winds and the fostering care of Heaven, finally get to a safe harbor. While on the deep they fearfully pray, but with the ship's anchor down and the firm earth beneath their feet, they strut about, boasting of the skill which brought them safely home! Let them not forget those whose ships sailed their course but who never reached harbor.

Waste

Mr. Thomas A. Edison, in the afternoon of a life well spent in developing the resources of nature and in placing the eternal kibosh on the smug complacency of the grocer's clerk who prattles that practical doing is essentially different from practical thinking, recently said:

"Wastefulness in commerce is one of our weakest spots."

It is hard to make the automobile manufacturer think about wastes when he is just recovering from a forty per cent dividend, but Swift & Company, the packers, doing business on a margin of three cents on the dollar, recognize the need of doing so. The manufacturers and merchants of tomorrow will have to get down to a closer basis of figuring before they will be able to maintain profits.

In the same interview Mr. Edison said:

"The time is coming when every man who lays any claim to business ability will have to keep the question of waste before him as constantly as he now does those of credit, collections, buying, and selling."

What's the use?

Because price has been steadily ascending until it seems to have reached its Alpine limit, and because future profits will be made more from savings through scientific store and factory management than from increasing the bulk of sales. Saving time, work, and materials from waste, simply means gains in efficiency which society will demand by requiring greater service for the same money.

Society is beginning to see dimly its cost interest in business. It is realizing that all business methods—yes, even the business itself—must answer the crucial inquiry—What's the use?

Let us lay down as a fundamental law that every waste has to be paid for, and that when brain power, sane faith and enthusiasm, and physical or machine energy are wasted, society must pay the bill.

With this foundation, there is little in business, or in life for that matter, which does not become of concern to all of us.

Most business men care only for wastes which they see on their own balance sheets. Their ideal is not efficiency, but historical growth, and they are content to beat some standard which they have set by rule-of-thumb experience—to gain twenty per cent a year in sales—to reduce cost one per cent a month. They know the price of everything, but they know the real value of little, because costs are set by our own ability, while values are set by the world at large.

The man who is half-used is wasted; therefore the necessity for studying the quality and possibilities of your

man-stuff. The machine that does not work all the time is wasting its time-efficiency. The wastes in advertising are almost beyond computation. The wastes in selling-energy are self-evident to any manager. The office wastes, due to bad organization plans and ancient, outworn, rule-of-thumb methods, have for years been crying for relief.

Common sense of the most elementary kind would stop a great deal of it, but we are a nation of *salesmen*. We want orders; we feed out content with more business; we haven't time to take from filling order books to stop, look, and listen to the expense account; hence the smash-ups.

Society asks:

"What's the use of this condition?"

Science says:

"There is no use."

The "Let Alone" Policy

Let us apply externally a bit of common sense to the matter of business policies as they affect society, and internally as they affect individuals.

In an interview widely quoted, Theodore P. Shonts, the engineer who gave up the job of digging the Panama Canal to manage the Metropolitan Street Railway System of New York, made several and sundry remarks about Uncle Sam's interference with railroad freight rates, to the general effect that, "If the government would let us alone we would get along all right."

What was the use of saying such a thing to the people of the United States? It was "injudicious," as one banker put it, and it was just a lack of plain common sense, judged by the standards of the man in the street. Society can no more "let alone" a public service corporation than President Shonts can "let alone" one of the departments of his railroad.

If Mr. Shonts didn't know that the general public represented the idea of the roads increasing their rates, he didn't know what every other man, woman, and child in the United States knew. If he did know it, then the speech was silly and indefensible.

As a matter of fact, the government cannot let the railroads alone because the people will not.

Contrast this slap-in-the-face method of meeting industrial unrest with the common sense attitude of Mr. George W. Perkins, who meets and recognizes the conflict between capital and labor, by an effort to find a middle ground where the capitalist's experience with markets will meet the working man's experience with the problems of living.

"What's the use of trying that plan again, Perkins, the men will not appreciate it?" a Pittsburgh capitalist irritably remarked when the United States Steel Corporation's profit-sharing plan was first up to the men who made Pittsburgh.

"The men will appreciate it," Perkins replied. "If we act in good faith, we'll be willing to make a show-down, take the men into our confidence, for they will be our partners. If we are square with them in good times they'll be square with us in bad. This profit-sharing plan puts an incentive on individual initiative and it will get the best there is in them. Theoretically it is right—practically it must be."

Aside from the merits of the plan, which we are not discussing, Mr. Perkins thus laid away the "Big Stick" of the lockout and urged the admission of labor to an interest in the profits, as provided in his co-operative plan, which was adopted by the United States Steel Corporation and the International Harvester Company.

The common sense of the plan of co-operation rested on a knowledge of the principles at the bottom of the true relationship of the boss and the employe. But the man out of touch with average minds does not understand how these

minds work. He has illusions. He does not understand his ignorance to be the danger.

The Viewpoint of the Public

This inability to realize another man's point of view is not limited to employers who are dealing with employes. The local electric light company sends me a bill for so many kilowatts. How much satisfaction is it to the average light consumer in knowing that he is getting his kilowatts at a comparatively low rate, if his electric light bills are too high? As the average citizen, I may not know a kilowatt from a pneumococcus. It is a common sense move on the part of some public service companies to bill their service in terms intelligible to the plain man who pays the bills—"hours of service for electric light" for instance—for them, terms do not count so much as facts. The present method is the outgrowth of systems laid down by technical men who gave no thought to the point of view of the public—because they didn't have to.

It doesn't matter to the man who pays the bills how much pressure the gas service maintains, but it does matter how much heat he gets in his house for the money he pays. There is a good deal of humbug about "kilowatts," "candle-powers" and "foot-pounds." The user knows it as well as the service companies, and when common sense enters into the descriptions of measurements of all kinds of public service, the companies will profit through a greater public confidence.

The Policy of Publicity

After a lot of unnecessary pain and trouble, the public service corporations have recently assumed an entirely different and common sense attitude toward the public. Instead of the policy of "The public be damned" of Vanderbilt

and the early Harriman, we have the policy of "The public be pleased" of McAdoo, of the Hudson "Tubes," and former President Brown, of the New York Central. It used to be as hard to get a personal statement out of the Bell Telephone Company as it was to get one from the Standard Oil. Now President Vail, of the American Telephone and Telegraph Company, is known by sight to thousands of American readers, and every year a complete report of the work of his company goes to every 'phone subscriber in the United States.

The American Sugar Refining Company for years followed the "none-of-your-business" attitude of Mr. Havemeyer, but the new president, Mr. W. B. Thomas, adopted the common sense attitude that the company must be frank with the public and explain every important move. During the agitation in September, 1911, over the rise of prices, the sugar company published in the leading papers throughout the country a three-column advertisement, headed, "The Facts in the Sugar Situation."

The Standard Oil Company, in 1911, changed front completely on the policy of publicity and now employs all the methods of advertising.

The New York Telephone Company has been using advertising space in New York papers to create public confidence in its principles and policies, and has realized on its promises by a noticeable attempt to live up to them.

These corporations are learning the lesson of service—are "learning to cater," as Mr. Herbert N. Casson, who has served many of the large corporations, phrases it. Some day every large corporation will have an official in charge of public relations, as a prominent railroad official told me the other day.

This is a common sense realization of the principle that you must gain the confidence of the people who elect public

officials and not depend entirely upon the personal good will of the official. Just now, in these days of the direct primary and the recall, the public official has found it very unhealthy to ignore the people after election. That principle—go to the people—should be burned into the official minds of every public service corporation. It would save them millions. No one has ever been able to explain clearly why it is that the public service companies and quasi-public institutions, such as banks and insurance companies, were so thoroughly convinced that it was not any one's business what they did or how they did it.

Probably this attitude is an outgrowth of the military idea of internal organization, where orders are given to be obeyed and not to be questioned or explained. But it doesn't work in voluntary relationships, and, therefore, it isn't the true nor the common sense way of handling the situation.

President Wilson said: "Business exists for the community—not the community for the business." When that statement is accepted, a new conception of what is "the public's affair" becomes possible.

The Study of Mankind

Marshall Field explained to his people every order he issued and every plan he adopted. He understood human nature. He recognized that the human factor was vital to the success of orders or plans. There is always friction and lack of co-operation when you don't enlist your people's hearty co-operation in any order or plan. This lack of co-operation means, first, waste in getting the plan going, and, afterwards, in keeping it at highest efficiency.

At every step through the mazes of commerce we run up against human nature. In deciding how we shall deal with it, we must find out how, for our purpose, it thinks and acts.

We shall have to "sell" every man with whom we come

in contact in life, whether it be our value as a man or the brand of the merchandise we offer, or the value of the service of our corporations, or even our opinion of himself.

You must settle all your own doubts before you can gain followers or customers. This we do by introspection, which means looking into yourself and then sizing yourself up by careful comparison with what you see by looking out into the world of men, and looking back into the lives of men who have lived and done things. Mere knowledge is not enough. Just to know what you, and the men of today and yesterday, thought and did; to accept what they say or do, may mean nothing to you except a dangerous likelihood that you may follow the wrong inspiration, accept the wrong idea. There must be active comparison of self with others. We must ask ourselves questions: What is the true value of their thoughts and acts? How shall we know whether a thing is good or bad for our purpose? Put it to a test—What's the *use* of it? What concrete difference to you does it make whether a thing is true or not? In what way will anything make me better or worse physically, mentally, spiritually?

This is what we want to know. This is the common sense test. Most of us do not stop to think out a plan of life, nor test our plan when we have one, nor try it out by any standard. But all of us have some settled plan in life, whether we can or cannot reduce it to a definite statement. This attitude of mind makes up "the way we look at life and things." That "way" is our philosophy of life. That philosophy of the applicant makes all the difference in the world to the man who hires a secretary, or a factory superintendent, or a sales manager.

Mr. Field suggested his philosophy of business in his little "Book of Rules," because the rules raised the efficiency of health, created a desire to study how to become a better

salesman or a more productive employe, because it offered higher pay to those who played the game according to the rules, and created the spiritual efficiency of high ideals which breeds the do-or-die spirit.

Emotion as an Efficiency Factor

The efficient manager in the sales department naturally works by charts, statistics, facts—not entirely by traveler's reports. While he studies the cold facts as a means of knowing what a man is actually doing to cover the territory and to get all the business, he does not forget the emotional human side of the material with which he works, for emotions are just as hard a fact as bank clearings.

The National Cash Register Company's method of fixing on the amount of business that shall be done in each territory—in use by other companies, too—offers an example of scientific common sense, based on the principle that human nature is much the same everywhere. Each cash register salesman is given a guaranteed territory and each territory is required to produce a certain predetermined quota of business. The territory is the unit, not the man.

The quota of business to be obtained in a territory is based upon four things:

First—The number of possible buyers of cash registers

Second—The number of users of old style registers
which should be traded in for later models

Third—The average sales in proportion to possible buyers made in the past in that territory

Fourth—The average sales made to different lines of possible buyers throughout the country

Of course, in finally fixing this quota, the accessibility of parts of territory and its general financial character are considered. Quotas are given for each month only, so as to keep the men at top efficiency all the year, and prizes are

frequently given to those who get the greatest per cent of quota by the tenth or twentieth of each month.

This scientific sales-making plan operates on common sense knowledge that human nature needs a spur, yet requires frequent opportunities to stop and count the game already landed, *i. e.*, the quotas by month instead of year.

There is the emotional appeal in prize-giving and in the manager-to-man talks in schools, conventions, and publications. In business as in politics, the emotional strikes the universal note of appeal. The "full dinner pail" in the McKinley campaign swung thousands of votes to the Republicans, as the campaign manager, Senator Hanna knew so well it would; the "cross of gold" speech, with its emotional appeal, jerked Mr. Bryan into the limelight and brought him a nomination for the presidency.

The most successful "reason why" advertising of John E. Kennedy, the well-known advertising writer, is not so much "reason," as it is emotional "why." Herbert Kaufman's rhapsodical writing coruscating with vivid figures, is purely emotional, and its appeal to the man-animal is strong in proportion.

Roosevelt ran counter to the emotional law when he sanctioned the removal of "In God We Trust" from the coinage. The words were originally placed there to satisfy the emotional impulse of a people bred in the era of the Rights of Man and stirred to their depths by a war for national independence. Common sense did not sanction the removal. Logically, the inscription may be ridiculous, but the people look upon it as a sacred tradition, and it must stay.

In order to make men think you must make them feel. Therefore the appeal to the emotions is thoroughly scientific. Mrs. Pankhurst, the English suffragette, said as she was being taken to prison after a votes-for-women demonstra-

tion: "This is good advertising." She knew that it would mean the arresting of English attention if the press of the world described the scene of a woman being mauled by London "Bobbies."

CHAPTER VI

PSYCHOLOGY AND COMMON SENSE

So the principle of chemical equivalents, beautiful as it is, matters far less to a peasant boy, and even to most sons of gentlemen, than their knowing how to find whether the water is wholesome in the back kitchen cistern, or whether the seven-acre field wants sand or chalk.—From a Note-book.

Applied Psychology

Some months ago a young man, who had been a teacher of salesmen in a prominent manufacturing concern, was telling a convention of other business men how he taught salesmen to become more efficient. "We don't talk to them about psychology," he proclaimed, "we eliminate all the highbrow talk and show them how sales are made."

The ignorant among the audience applauded that statement. It was good psychology to talk in that shallow way to rule-of-thumb men. Such men like to hear science and knowledge belittled; they like to hear their "experience" lauded. They are intolerant of knowledge gained in any other way than the way they gained theirs. So the statement was good psychology for the moment, but of course it wasn't true. That teacher, as he after admitted, had studied psychology. He was applying its principles every day. His success as a teacher and a salesman and manager was due to it in detail and in principle.

He did not mean what he said. He meant to say that he taught salesmen how to sell by appealing to the true things in their own experience, by showing them what forces made the sale through what they were doing, by getting their

point of contact—in other words, by using psychology but not teaching it as such. But some of the audience did not grasp that distinction, and many left the hall confirmed in the idea that the way they saw the things they were doing was the only way—that science had nothing to contribute of value toward the solution of the problem of how to sell and how to advertise.

Those rule-of-thumb men are going to be shut out from a whole world of profitable and illuminating ideas because that speaker played down to their ignorance, and would rather win a hand than be right.

Psychology at Work

"But what is the use of psychology?" asked the man who wants concrete illustration.

Let that man read Seashore's book,* or that of Münsterberg.† Let him go to the National Cash Register Company, the Boston Vocational Bureau, the Wanamaker School for Employees. He will see psychology at work.

Through psychology we are putting business on a more common sense and efficient basis, because the psychologist is showing how best to do certain things, and how to select men best adapted to the work. That success will soon become apparent to even the rule-of-thumb, pooh-pooh, "practical" men, who will then copy it. It will then become a mere commonplace of everyday practice—and there you are!

Even then, however, the efficient man will be several laps ahead of his practical brother, and he will have made less mistakes into the bargain.

Yet, by itself, in the bald statements of scientific fact, psychology teaches no more than can be learned from the isolated entries in a ledger—even when these entries are

* "Psychology in Daily Life," by Carl Emil Seashore.

† "Psychology and Industrial Efficiency," Hugo Münsterberg.

brought together in recapitulations, as facts in psychology may be brought together into laws and principles. Psychological facts mean no more than any of the facts and figures on a balance sheet—you must use your balance-sheet facts to make them effective in the conduct of your business and your psychological laws in directing your acts and in shaping your judgments of men.

As James pointed out, the science of medicine never made a good doctor—that of anatomy never made a good artist—the science of hydraulics never made a hydraulic engineer—the science of chemistry never made a good chemist. But science, practically applied, has made it possible for the great ones in every profession to give us the tremendous results you and I enjoy.

Common sense has made us hospitable to the discoveries of science, and the theory of efficiency is making us push science to new realizations. Note the laboratory work of the great corporations, where men are hired to find better ways of doing things, that are already winning new laurels for business.

Illusions

Most of us suffer from illusions just as the insane do. An insane person is one who believes in things that are not true. Most of us are really sane on comparatively few things.

We must be chary of accepting things for what they seem to be. All of us have these illusions; they are as much a part of our sense and mental equipment as hair, teeth, fingers and toes, and taste and hearing. Some men, no matter whether they be workingmen, managers, or capitalists, cannot realize that they are susceptible to these illusions. Like the janitor of a schoolhouse who indignantly denied there were any microbes in the place since he took it over,

because "he had seen none," so some of us deny the existence of illusions because we have not discovered them. The man who is suffering from illusions doesn't know it—or he would correct them. Would he not?

The man who depends on his common sense has the common illusions of his senses. They are myriad; let me tell you of some:^{*}

Place an inflated paper bag in one outstretched hand, in the other outstretched hand drop coins until the weight balances. Then weigh the coins and the bag.

How much higher is the crown of a silk hat than the distance across the brim?

Why does an object pulled suddenly appear lighter than when it is pulled slowly?

Give a man a four-pound weight, then a four-ounce weight, and he will generally underestimate the latter, and vice versa.

The Work of Science

These illusions are of the senses. But the illusions of memory and of judgment are always influencing our conduct. A myriad of these illusions wait on the man who trusts merely to his native common sense, until he discovers the supernal common sense—as Harrington Emerson calls it—of the scientist, which sifts realities from trick illusions. The scientific man is always on his guard against hearsay—optical and other sense illusions, and prejudice. He asserts only those things which stand the tests for accuracy of observation and correctness of conclusion. Then he puts these alongside the lessons derived from wider research than his own, and the results of "a closer, more detailed, more keenly discriminating, recordable, repeatable, and more penetrating" vision, and obtains a conclusion which often confounds

* From "Psychology in Daily Life," Seashore.

and frequently fails to be acceptable to a public which has yet to realize its own fallibility. Witness, the farmers and scientific farming, the manufacturers and efficiency production, the railroads and proven waste.

Many men resent being awakened. They like the morning nap with its vague dreaming, when the world is neither wholly present nor wholly absent, but swims in a haze of floating phantoms and reality. But the alarm clock of science clatters on intermittently, until the man arises, or, does what is much worse, he sleepily and petulantly turns over, turns off the alarm, and goes back to sleep!

In any event, the problem of arising and facing the world, most of us will agree, remains to be solved.

The planning departments of great factories, where efficiency is a mere commonplace of the day's work, are fed by laboratory experiments.

Scientific vocational guidance is just coming into the notice of the average man because he has found it "works," that its use value is beyond computation.

We have had the principle of efficiency applied in orchestras and athletic teams ever since orchestral music was organized, or athletic contests by teams established. It is only that we find it so hard to see the use of strange devices that makes it hard to realize the value of such principles to business.

Efficient Common Sense

Of course the ideal conditions in a business would be where every employe or employer is intelligent, thinking, loyal, disinterested, just, and industrious, in the job best suited to his abilities. No business has such employes, and there are no favoring environments to produce such, either in or out of business.

Employers do not discharge all incompetents, because

the man may go to a competitor for whom he may do better work. The incompetent may be good for something other than what he was hired for—he may be kept for sentimental reasons—but the test must come in all such cases—What's the use of keeping him? Efficiency keeps our eyes open to the need of knowing why we keep him, and what it costs to keep him and where he can be used to best advantage.

Efficiency common sense is illustrated in a story of Lincoln. In 1832, Lincoln, then twenty-three years old, with two boy helpers, built a flat-boat on the Sangamon River in Illinois, and loaded it with grain, live hogs, and pork in barrels. The overloaded boat stranded on a mill-dam; for a day and a night it hung helpless, its end projecting over the dam. The most skilled experience about him regarded the boat as lost. Lincoln says: "We lightened the boat and then rolled the barrels forward, bored a hole in the projecting end over the dam; the water which had leaked in ran out, and we slid over." The onlookers were struck with Lincoln's ingenuity.

"He got to thinking on it," for such troubles were very frequent on Western rivers, and he put to work some of the simple mechanical ideas he had read about. Nineteen years after his milldam experience, he became a lawyer and was in Congress. On his way home the boat he was on was long delayed on a sand bar. This aroused his interest, and he thought out a device which could apply his old experience as a principle. There is in the patent office at Washington a little rough model of a boat which was marked, when A. Lincoln was given a patent in 1849, "Intended to be of benefit to all the world and a profit to himself." The design of this invention was to make it easier to take loaded boats over shoal places. After these two experiences, nearly twenty years apart, he kept on studying displacement and flotation—he "kept thinking on it."

Early in the war of the secession, Ericsson, a Swede in New York, invented a monitor and needed a government appropriation to build it. G. B. Fox, Assistant Secretary of the Navy, said the heavy armor would sink such vessels. "But," answered President Lincoln, "is that not a sum in arithmetic? On our Western rivers we figure just how many tons will sink a flat-boat. Can't your clerks do the same for an armored vessel?"

But that was too absurd. Why was it necessary when all rule-of-thumb experience was against such an idea—for there are rule-of-thumb scientists as well as business men.

Congress passed a special appropriation for the purpose, but the naval board, consisting of a commodore and an admiral, condemned the monitor. Ericsson went to Washington and argued the question in the President's presence with this board of naval officers. Again the board ruled adversely. Lincoln overruled the board and told Ericsson to go ahead. The result was the Monitor, and the subsequent triumph over the Merrimac. The principle of the armored vessel was practically established.

That was an instance in which the common sense of the rail-splitter, with the memory of his work on a Western river, overruled the rule-of-thumb "experts," who obeyed only the law of precedent, but had neither common sense nor open-mindedness towards innovation, as a part of their science. Lincoln's common sense could see no essential difference between the boats on the sea and the boats on the river.

Let us here realize that Lincoln did not overthrow science; he just placed more science at the command of his common sense than the experts had at their command.

What a lesson for the business man who knows only a few things in dealing with novel conditions and ideas in a whole world of business!

The Selfridge Experiment

Henry Selfridge was one of Marshall Field's retail partners. Retiring from the Chicago house, he went to London to start a departmental store on plans familiar to Americans.

"London is different from New York or Chicago," was the warning of the horrified Britishers. Selfridge admitted it, and methodically went at the process of finding out in what concrete ways London buying-folks were different from American buyers. He soon had a mass of data collected by some of his expert observers.

He said: "Londoners are different, but they want what I have, because I have what all humanity wants." The store was built and stocked.

"Londoners will not read American advertisements, for one thing," again said the wise British counsellors. Selfridge listened and didn't believe it—just as in 1876 Wanamaker listened to the Philadelphia merchants, and didn't believe them. London stores never presumed to tell their patrons what they should buy; they thought it an impertinence, and that English people wouldn't read the blow-hard American advertising. In 1910, during the Christmas season, Selfridge, advertising the holiday goods he had to offer, came out with whole pages in the leading London dailies. One page advertisement was headed: "What Shall I Give?" and its several columns were a veritable catalog of suggestions, divided: What to give a man—a child—a lady—a sweetheart, etc. It is said that Selfridge's had the largest holiday trade of any store in the history of British retailing.

Some London merchants are now admitting that Selfridge's common sense view of the fact that human nature is pretty much the same the world over, is winning out. All the big London stores are now advertising like Selfridge, just as forty years and more ago Wanamaker forced other

Philadelphia merchants to follow his "ruinous policy of advertising," in telling the people in an easy, newsy style what he had to sell, and why his was the better place to buy.

British merchants are now inviting Mr. Selfridge to talk before their commercial clubs, boards of trade, and other business organizations. Yankee common sense has so far won against the rule-of-thumb philosophy of a nation of shop-keepers, hidebound by precedent.

CHAPTER VII

EFFICIENCY AND COMMON SENSE

There is a sense common to the class of rule-o'-thumb which said, mad dogs are bewitched—there is a common sense of the educated which says, mad dogs have hydrophobia.—Anonymous.

While there is but one right course, there are a dozen faulty courses. Efficiency consists in omitting what is wrong, if it is wrong, and what is right will come of itself. I have learned the fundamental principles, not from the faulty ways and selfish actions of men, but from the astonishingly wise actions of plants, flowers, fruits, insects, wild animals and birds, little children and women.

—HARRINGTON EMERSON.

The Missing Link

A manufacturer of a new brand of underwear began to advertise in a line of publications, asking people to send for "samples of the fabric and other information." When the information was sought, the inquirer in the New England territory was informed that a certain Boston jobbing house handled the garments. The inquirer heard nothing from the jobbing house. Having no chance to call in person on the jobber, the inquirer, being an unusually persistent person, stopped at six different stores in his town in the effort to find the garment. Ultimately, the garment was purchased in a store forty-six miles from his home.

This obvious fault in the sales scheme was laid before the manufacturer by letter, and the inquirer naturally thought he was doing the manufacturer a good turn. No acknowledgment was ever received. The manufacturer, used to handling inquiries from retailers, showed a total lack of

common sense in dealing with the consumer in the same way, and, further, a lack of common sense courtesy in not acknowledging the criticism.

Yet this lack of foresight in making sales arrangements to anticipate the probable effect of magazine advertising is responsible for much ineffective advertising.

Managers have raved over the lack of common sense of the public when the latter failed to see the reasonableness of some ruling, when the managers themselves had not shown common sense in handling the ruling.

The "out at lunch" excuse of shops, plants, and stores is one of the evidences of a lack of common sense anticipation on the part of the merchant. Lunch time is when many men do their personal errands. An ordinary observance of that fact would keep many merchants who run jewelry shops, shoe repairing, haberdashery shops, *et cetera*, behind their counters at that time of day.

"Is my watch ready?" asked a customer at the repair counter of a large jewelry store in Philadelphia. The clerk fumbled his card records; then spent several minutes studying a rack on which a hundred watches were hanging. "It isn't here," he said; "I'll 'phone up to the workroom." A moment later he hung up the receiver. "Our foreman is at lunch," he said, "can you drop in again?"

"I suppose I'll have to. But I wish you could tell me when the watch will be ready. This is the third time I have been here."

"I'm sorry," returned the clerk, "but there's nobody upstairs who knows anything about it. The foreman, you see, attends to all that."

The customer departed, ruffled in temper and resolved that if he ever did get the watch back he'd permanently "pass up" that store.

Most of us have had similar experience. "Out at lunch"

ties up many a transaction, when a proper organization or a right system would make a definite answer possible. Foremen, superintendents, or managers carry around in their heads the detail that should be in writing where any clerk could see it at a glance. The little prejudices that arise from such annoyance do a business much untraceable harm.

There's only one efficient common sense rule for system—keep a record so that the greenest man can handle the job.

A Failure of Distribution

The business world rubbed its eyes during 1910 at the prodigal advertising expenditure of the vacuum-cleaner makers. Thousands of dollars were thrown to the wind in a mad rush for business through publicity. Expert advertisers warned the makers against such methods, but the manufacturers were generally unskilled in handling such specialties and thought they knew "the game." Inquiries were created by the thousands, but there was no trained sales force in the territories to sell the goods. Dealers could not be taught properly to demonstrate the machines fast enough to handle the business.

Then the cleaners were almost all made to run by electricity, which was used only in certain villages and towns and cities. But the machines were largely advertised in monthly popular magazines, a large part of whose circulation was among farmers, small villages without electricity, and people who had no use for the cleaner.

Efficient planning would have demanded: "What kind of people will buy this device? Where are the possible customers? In cities or in towns?" Let us take up the cities and towns one at a time—territory by territory, by using expert demonstrations and tried salesmen, get a list of householders from the local blue books, club and society directories, go to these with letters and ask permission to

demonstrate. Then we will organize campaigns in the newspapers as fast as local territories are manned.

Rule-of-thumb experience of men who knew the practices of some business but nothing of the principles of marketing in this one, cost their stockholders thousands and ruined one large concern beyond rehabilitation.

Trade Mark Mistakes

Take the matter of trade-marked names. Few people show real common sense in the selection of trade marks in naming a product. Has anybody ever been able to pronounce properly the word "Mazda?" It is the given name of an incandescent lamp. Who has not stumbled and balked over "Bon Ami," the name of a scouring soap? Mr. W. H. Childs, of the Bon Ami Company, has stated that he would give a good many thousand dollars if he could change the name of this article without losing the goodwill value of past advertising. I know women who have hesitated to ask for "Bon Ami" because they were afraid of mispronouncing it.

Isn't that a brilliant thing to do to an article on which you are spending thousands to popularize? Probably some of the worst trade marks are the names given to cigarettes and cigars, although since the American Tobacco Company have taken over so many, a noticeable improvement has occurred, thanks to the efficiency of that organization.

The scientific common sense attitude towards innovations or new ideas will always lead us to test all new things by the "What's the use" standard, and just as soon as they cease to work and to deliver the greatest possible benefit to us, to discard them for something more useful.

Scientific Common Sense

Scientific common sense causes us to understand that each individual case is different in some minor particulars, but in their principles all cases are alike.

Man must take time to think, or he must pay the hasty-waste bill.

Efficient men think it over—turning it over in their minds, if it is a big thing, as Gladstone tells us he did with the Home Rule matter before he took it up. He read and studied similar experiments; he talked about it with others opposed and in sympathy; he began to get facts and figures on its possible effect; he counseled with experts in and out of the government; and finally he decided on the course of action that had taken shape in his mind.

Just as in biology, the killing of one set of germs may multiply another set far more dangerous to health—just as the English sparrow became a nuisance after he had cleansed the trees of insects—so we must be prepared to see cost clerks multiply in the attempt to know what the machinists are doing, to see the record clerks grow in the wake of more sales, and to see the low-priced help increase where there is an unscientific cutting out of high-priced supervision.

When a company, making a duplicating device, several years ago changed its sales managers and inaugurated a policy of "saving" the cost of advertising its machines, it found in a year that what advertising had cost as a sales-making energy was but a trifle to what it cost to sell their machines by man-power alone.

If the acid test of "What's the Use?" had been applied to that move and an answer given in experience, data, facts, and figures, the company would not have tried the hazardous experiment of "swapping horses in the middle of the stream."

A Personal Efficiency Test

The man who wants to raise his personal efficiency must try the "bookkeeping" method, *i. e.*, let him write down on one side of a sheet all the qualities which should be apparent

in his management and on the other the credits to which he is entitled. Let us say he is a retailer in the clothing line. Let him ask himself questions similar to these:

- 1—Am I a good manager of men? *Who says so?*
What method proves I am?
- 2—How many times have I had differences with my employes during the past week? *Whose fault?*
- 3—Am I easy to anger? *Who says so?*
- 4—Are my sales people increasing sales? *Why?*
- 5—Do I know why some do? *How do I know it?*
- 6—Why don't all increase in efficiency? What have I done to help the inefficient?
- 7—Have I been buying as well as usual?
- 8—Are the stocks moving as well this year as last?
How do I know?
- 9—Is my advertising better? *How do I know?*
- 10—Are my accounts collected as well this year?
- 11—Does the store look clean and bright?
- 12—Have I introduced anything new in window display, values, styles, management, or advertising in the past three months? Was it worth while?
How do I know?
- 13—Have I rewarded my best men? Is my method of rewarding productive of better results in sales and content? *What proves it?*
- 14—Are they satisfied? *How do I know?*
- 15—What have I done to make them do their best?
- 16—Did it get their best? *How do I know?*
- 17—Do I get down early and stay late?
- 18—Why the latter?
- 19—How do the net profits compare with this season last year? *What is the reason?*

- 20—What was the increase over the month before?
Why? Over same month last year? *Why?*
- 21—What am I doing to improve that result?
- 22—Do I go to commercial club meetings, social meetings, public affairs, more or less than I did last year? *Why?*
- 23—Have I had anyone look over the business? How many wastes did he cut out?
- 24—How do I feel about the business? Do I want to sell out? Do I think this is the kind of business I belong in? *Why?*
- 25—Am I growing more than my competitors? How do I know? *Why?*

Let the man sit down with himself as a candid friend somewhere alone and answer those questions, just as if he never expected anyone but himself ever to see that paper. Let him lock the paper up in his desk for a few days, possibly a week, and then come back to it, read it over, and make as many changes in the answers as he thinks necessary to meet a rigid standard of truth.

Let him ask some of his friends to tell him frankly how they would answer some of the questions if they had to give a candid survey of his character, business ability, and results. It may give him a shock, but it will do him good, no matter what it does to his vanity and self-approval.

The young man, looking for a chance, should go at himself in the same way. Then he should go at the vital problem of finding his life-work in the same way.

Vocational Study

Every man should study the requirements of a vocation before he makes it his own. Of the men who have come to me to study advertising, many have known absolutely nothing about business, and have had no taste or skill in either de-

signing or writing, yet these men were entirely willing to waste their time and mine learning something in the practice of which they could not possibly make good, and from which they could never extract an iota of happiness. The law of nature is against such men. It is common sense of the most elementary kind for a man to ask: "What does a position require in the way of education, in health, in appearance, in manual skill, in mentality, in bodily powers, in kinds of experience, in social or business connections, in initiative, in concentration, in personal sacrifice to start, in courage, moral and physical, in taste, and so on?" in this particular case to ask: "What kind of an employer will I have? What are his characteristics?"

After he has sized up the business, let the man sit down with himself and find out if he has it in him to succeed at such a business. Get started right by making all discoveries and doing all the thinking about whether it is the right place or not before you take it.

The Selection of the Fittest

In an address, Katherince M. H. Blackford, the employment specialist, said: "While we cannot yet give every child competent vocational guidance and educate his parents to co-operate with him and us, we can make—and have made—a profitable start in that direction by selecting and assigning men and women according to their inherent fitness for the work they are to do, thus accomplishing three desirable results: *i. e.*, making them more efficient and happier, increasing the profits of their employers, and demonstrating the practicable application of scientific selection. This has been done through a properly equipped employment department in charge of expert character analysts who interview select and assign men. The functions of this department are:

- 1—To number all positions and list the qualifications for each.
- 2—To find, analyze scientifically, and recommend for employment in the work to which they are best adapted, all the workers needed.
- 3—To secure for all positions the very best human material obtainable.
- 4—To outline the readjustment of the workers employed so as to secure the best results.
- 5—Gradually to eliminate the unfit and place those retained where they will be the least objectionable.
- 6—To take steps to secure applications from desirable men not at present obtainable or particularly needed; to analyze and list these as a reserve or source of supply.
- 7—To keep accurate records of the department and performance of every man.
 - a—As a means of dealing with the man himself;
 - b—As a check on efficiency of the employment department;
 - c—As a means of determining the trend of the whole organization.
- 8—To investigate, consider, and bring up for adjustment all cases of inefficiency, discontent, inharmony, and misunderstanding.
- 9—Taking "competent counsel," to establish a minimum wage rate for each position or secure the best human material obtainable for each position at as low a rate as possible commensurate with justice to employer and employee.
- 10—Systematically to make known the ideals of the organization.

- 11—To familiarize each worker with the qualities considered to be ideal for his job—then inspire him to strive for their attainment.
- 12—To form classes among executives, superintendents, and foremen for inspiration, suggestion, and instruction as a scientific method of understanding men.
- 13—To determine and render available as far as possible all the latent genius and special abilities of employees.
- 14—Beginning at the top, to endeavor to instil into every individual the “spirit of the hive,” the desire to co-operate, to “play the game.”
- 15—As far as possible, to select and educate understudies for every position of importance.

The Try-and-Fail Method of Employment

It seems that in this concrete statement is pretty well developed the idea of trained brains guiding the unskilled. It is regrettable that less than two per cent of the managers know anything about this element in organization. Even the more efficient managers hire and discharge men on a pure rule-of-thumb basis. I know one manager who will have no men in his employ who wear rubber heels; he says they are dishonest. Another man refuses to employ blondes, because he says “they are not reliable.” The same man refuses to have any college graduates in the place for the obvious reason (not however admitted by himself) that trained brains generally generate new thoughts and new ideas. As Herbert N. Casson says: “New ideas hurt some minds as much as new shoes hurt some feet.”

Some managers assert, “No clerk is worth more than eight dollars a week.” Of course not. No clerk is worth more than a manager thinks she is, because she will not be

made more valuable. But that doesn't make eight dollars a week a standard of clerical value by any means. Put that eight-dollar-a-week clerk at work under training with standard bonuses and scientific management and it is common experience that the average is increased forty to fifty per cent, and, in some cases, as much as three hundred per cent.

In an incandescent lamp manufacturing concern, a doctor saw girls threading filaments on a piece-work wage basis. Some were so near sighted they could not make sufficient speed to gain a decent wage. If the employment manager had simply asked each applicant to thread a needle he would have cut out a wasteful try-and-fail policy of employment which had caused thousands of dollars of loss to the company.

Applying the "What's the Use?" standard to each of Dr. Blackford's suggestions, the function of the employment department will cease to be the finding of as many cheap people as possible and broaden into the finding of as many competent workers as possible. Any man who is employed in a business can take these functions and apply them to himself and his fellow employes and soon find the use-value of this kind of analysis in the employment department.

Charles Babbage, the father of computing machinery, early in the nineteenth century, stated the whole principle on which the functioning of men and machines is based, when he said:

"The effect of the *division of labor* both mechanical and mental is, that it enables us to purchase and apply to each process precisely that quantity of skill and knowledge which is required for it: we avoid employing any part of the time of a man who can get eight or ten shillings a day for his skill in tempering needles, in turning a wheel, which can be done for six pence a day;

and we equally avoid the loss arising from an accomplished mathematician in performing the lowest process of arithmetic."*

What can any man know of advertising who knows advertising only as so much type, ink, paper, circulations, and rates? What can a man know of advertising automobiles who knows only the cylinder measure, the thrust of pistons, the heat formulae of steel for shafts, the stress and strain standards of certain metals? What can a man know of selling who knows only the technique of the articles to be sold? What does a clerk of accounting know about advertising and selling who knows only when to credit and when to debit?

What can a general manager know of management who fears originality, who despises theory, and who fails to grasp the utility of science?

What is the use-value of their equipment, to themselves, to their trade, to society?

Such knowledge is means to an end.

We must know the value of things, not only the price but the real value.

The world hasn't time to wait while a man is trying a lot of things. Business success will not wait while an employer tries first this man and then another; time flies, things are doing; and the business machine must work at high speed nearly all the time.

Efficiency Charts

Every employer should keep an efficiency chart of each employe. It is the common sense way of determining his value. It should take two forms, one made out before he is hired (and we know too little of what we should know

* "Primer of Scientific Management," Gilbreth.

about our people before we hire them) and the other a record of his work with the house.

Personal Data—Date entered employ, position held, previous experience, education.

General Data (by the Manager)—Character, health, intelligence, capacity for learning.

Results (by Head of Department)—Work well organized, done promptly, done thoroughly, proper control of expense, results from subordinates, subordinates developed, training others, initiative and "get there," regular, punctual, accurate, safe judgment, concentration, sticks-to-it-and-gets-it-done, progressiveness, studies and always learning, knowledge of people, the business, the product.

Outlook—Studies, willing to pay the price of success, handicaps, ambition, enthusiasm, courage, energy, suggestion of use to business generally, helpfulness to others.*

Such a chart should be checked by the head of the department at least four times a year; and frequent talks should be had with those men who are shown to be unusually weak in some particular thing.

As the attempt of naval architects is to devise a vessel that will give so little physical discomfort that a man may not know that he has left the land to cross the storm-ruffled sea, so it is the work of the educator and the philosopher to devise a scheme of life by which a man may go from the cradle to the grave least troubled by the storms of life.

* "Choosing a Vocation," by Professor Frank Parsons, former head of the Vocational Bureau, Civic Service House, Boston.

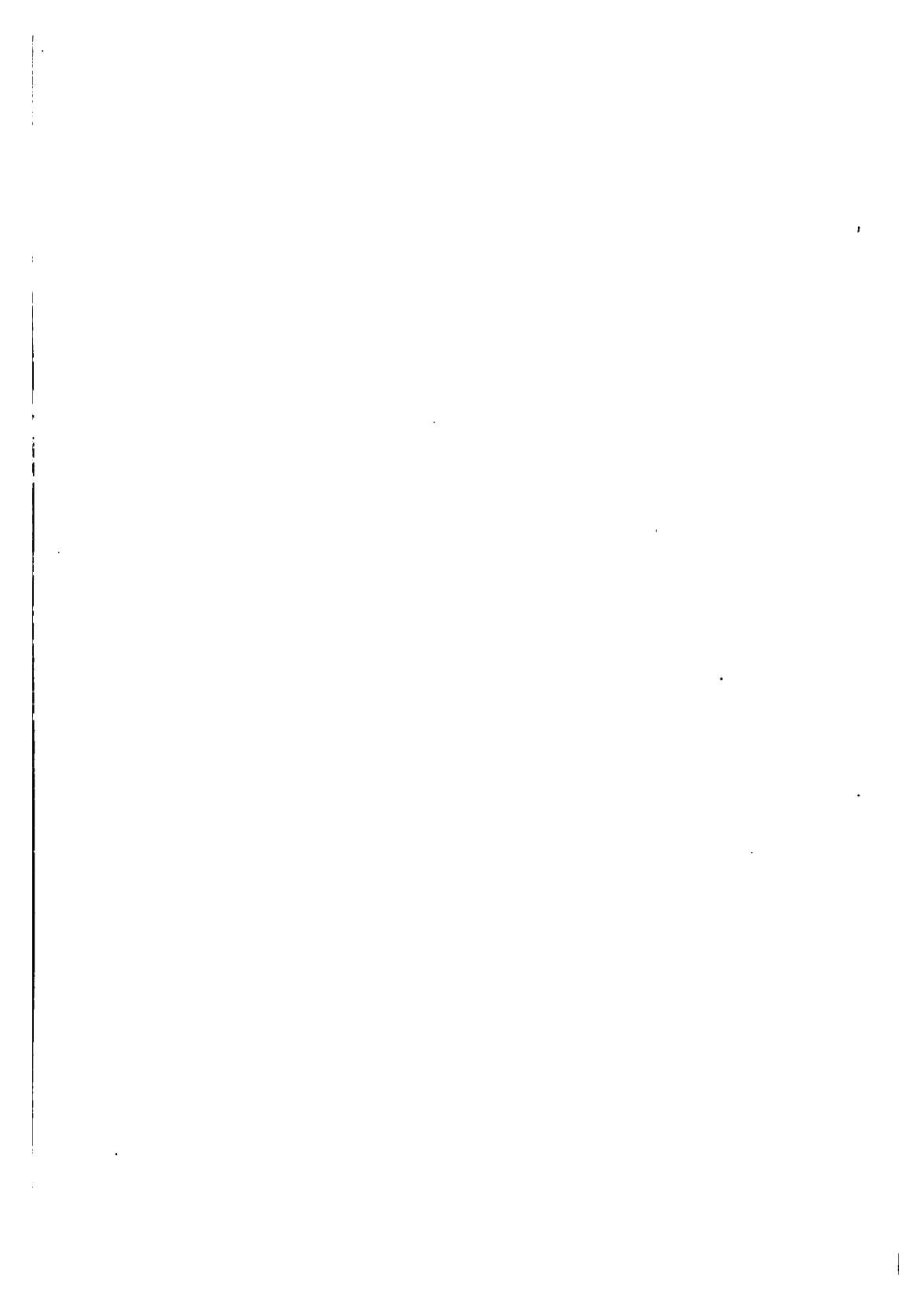
PART III

The Rules of the Game

Then, what are these rules?

If we have rules—let's have them.

*But, my friend, let's begin with yourself, the first rule
of the game is the rule of YOU.*



CHAPTER VIII

DOERS AND THINKERS

Men suffer most from lack of application in forming a clear idea of the subjects on which they are employed.—
FREDERIC II.

An American Error

"The American executive is not a thinker; he is a doer." This has been the boast of our commercial Solons for a hundred years. There is a suspicion growing in the minds of many that there was never a more impotent and silly boast in the world. The boast is, however, repeated in varying language in most speeches before commercial clubs and conventions. But in the technical offices of factories and highly organized corporations there is well grounded conviction that this boast is the root of our expensive waste of energy, time, and materials. Every executive must be able to do a thing better than a subordinate, in the sense that he should know how to get it done, and must know when it is done in the better way. If he doesn't, he is at the mercy of his subordinate.

To obtain greater efficiency, the executive must make a careful analysis of the methods and actual results of the work of each subordinate and be prepared to aid in the improvement of the work by expert advice and training. Inefficient workers are the inevitable result of vague thinking on the part of the executive.

A Creed of Humility

The first rule of the game will be based on a creed of humility, stated by the Hon. William C. Redfield.*

* "Some Phases of the Business Outlook," an address before the Business Men's Club, Cincinnati, O., February 10, 1912.

"I have tried to speak plainly to you of our own need of self-help—the same thing in our industrial life that we teach our children in our private lives. Let us therefore lay down certain laws for ourselves:

"A thing is not right because we do it.

"A method is not good because we use it.

"Equipment is not the best because we own it.

"The best of us have much to learn.

"None of us can afford to be deceived about our own affairs.

"It is better by self-catechism to find and correct our own faults than to have our customers do it for us."

The terrific waste of man-power; *i. e.*, in skill, faith, and experience, by putting accent on doing, and not thinking, is apparent in the work of the day. The distinction between doers and thinkers is artificial but is none the less real in the minds of the average men.

The Place of the Thinker

In every business there is a place for thinkers as well as doers. They are generally distinctive types. The difficulty is not with the thinker or with the doer, but with the system of employment which makes no distinction between these types in setting them at work.

Thinkers are given production jobs, and doers placed at managing. The result is confusion, waste, haste, and upheaval of the organization.

A man may be able to make the sale of a horse to a very difficult customer, and yet be unable to describe how he did it or pick the argument that finally won the customer.

A man may knock another down with a club, and yet be a very poor judge of woods; and the mere knowledge of woods would not help him do the job of knocking the man down any more efficiently.

But—and this is the important distinction of thinking

—the fight in business is to make the man who pays the bills realize that he doesn't necessarily know everything about the value of the service just because he knows how to get the money that pays the price.

The question is, did the service pay its way? Nothing that cannot pay its way in coins of value to the heart, soul, or mind of man is worth while. If it cannot pay its way, if it is of no use, it is not true, and it is not valuable.

Almost without exception, concerns make the mistake of selecting their best salesman to act as teacher when establishing training schools for salesmen. If a little thought were given to the requirements of such work we should ask these two questions:

- 1—Can this man teach?
- 2—Can he teach how to sell our product?

The first requirement has absolutely nothing to do with the particular business, but has all to do with the man's ability to fill that job as distinguished from that of a factory superintendent or stenographer.

The second is a matter of experience and analysis.

If cold analysis did not demonstrate the foregoing to be true, a careful collection of data would prove it. Of twenty-two sales training schools I investigated, but two had as teachers men who were successful salesmen and one of those "was only a fairly successful teacher and he knew it."

The doer type fails to appreciate his constant indebtedness to the thinker, but it is a failure which brings loss of efficiency, and the unrelenting pain of the doer who wears himself out in vainly trying to keep up with the procession.

If men of the doer type really believed their own contention they would not so persistently try to do what

they object to in the thinker—tell other people what to do.

The day will come when the doer, the great obvious factor in life, will know Science and make her his helper in reaching heights of artistic excellence never possible until he has reverently dwelt for a time on the cold, calm Himalayas of Truth.

The Problem of Business Training

Here, in part, is a letter I received some time ago from a department head of one of the largest manufacturing jewelry houses in New England: "Somebody once asked a great teacher a question, and got his answer: 'What shall I do to enter the Kingdom of Heaven?' and the answer began with 'Sell.' Selling seems to constitute the larger portion of the pursuit of happiness; but none are taught to sell. Teaching is confined to an elaboration of the three R's, which is a good beginning. Our young men and women are growing up in ignorance of the fundamental requirements of business. I would like to see your problem of training stated from the standpoint of a youth who wants to be a salesman and is conscious of his limitations.

"Your humble servant emerged from college with the firm conviction that he was a dunce, having failed to make progress there. It took eight years to get a start in business and revise that opinion, and to realize the woeful lack of training in the direction of your writing. My best friends assured me that I would never be a salesman; but having convinced myself that salesmanship was necessary to business success, I spent four years, not only of work and study, but of hardship and privations, and wasted three-fourths of it through not knowing how or where to start. Twelve years out of college, and just beginning to

learn! And my chances were much better than the average. Then what chance has the average young man—that is what I want you to tell me—or rather, what chances has he? What shall he do?"

There is the indictment, and the inspiration of what I would say. We may not hope to state the rules of the game in words that lazy minds may know and understand, but we may guide them towards self-education in the rules of the game of right-living.

Shall we find it necessary to go further than the often repeated plaint of those who have found out too late the value of education: "I would give all I have now for a few years at college; I feel the need of it every day"—to be convinced of the necessity for this education?

Do you ask yourself why men make this plaint?

Because they find so many things that are inexplicable and that do not respond with satisfactory solutions to the real knowledge they have. They seek a vague, uncertain something which they feel would make everything plain, if they could but grasp it.

What Is Truth?

Few have even a fair comprehension of any standard of truth.

What is Truth?

Age old and ever beckoning problem of the world!

Let America's great philosopher answer it: "True ideas," William James tells us, "are those that we can assimilate, validate, corroborate, and verify. False ideas are those that we cannot. Truth lives, in fact, on a credit system. Our thoughts and beliefs pass so long as nothing challenges them, just as banknotes pass so long as nobody refuses them. But this all points to direct, face-to-face verifications somewhere, without which the fabric of truth

collapses like a financial system with no cash basis whatever. You accept my verification of one thing, I yours of another. We trade each other's truths. But beliefs verified concretely by somebody, are the posts of the whole superstructure."

The rule-of-thumb man knows that a thing happened —that's all. He doesn't know whether it will ever happen again.

The Point of View

As Emerson said:

"The scientist looks at a result and says:
"How was it done? How much did it cost?"

The practical man says:

"Wasn't that a fine piece of work we did? Let's keep it up!"

The educated man, whether he be a college man or not, wants to know how and why and, because of that impulse, he must study the detail of means and methods in the light of the concrete experience of as many as he can gain. Otherwise he becomes one of those mere imitators, of whom Kipling wrote:

"They copied all they could follow,
But they couldn't follow my mind;
And I left them sweating and stealing,
A year and a half behind."

Men Who Do Not Make Good

Of the thousands working in office and factory; some are half educated, blindly groping, without faith; still others are hoping against hope; while others, cynically trusting to luck to hide their ignorance, are prepared to bluff their way into success.

Consider the honest and well-intentioned, but ill-

trained men who do not make good. They have come to you and me with their "pink slips" in their hands, with an I-have-done-my-best on their lips. I felt guilty when I had to say, "You have not made good," because I knew it was not their fault so much as it was that of the vicious, wasteful system under which they worked.

Out of this amalgam of old commercial conditions has come a success that has cost us a tremendous sum in wasted time, money, and lives, through lack of individual and commercial efficiency.

CHAPTER IX

THE RULE OF THUMB

That man must lose his life to find it, is indeed the deepest paradox of the world. The Thinker must learn to do, must learn to put truth to the test of living—the Doer must learn to put his results to the test of value standards—and each must take his place as the answers are.

The New Industrial Day

Secretary Redfield, in his book "The New Industrial Day," gives an illuminating expression to the national significance of efficiency as against rule-of-thumb:

"The day of rough and ready contest as with the bludgeon and the fist, has gone in our industrial fight, and we must use keener and more accurate weapons and carry on the contest at longer range and with more trained antagonists than those with whom until recently we have had to deal.

"As yet only the men of vision, the few farsighted captains of industry, have grasped and acted upon this new outlook. So splendid have been the results of our industrial growth; so brilliant the victories of our manufacturers at home and abroad; so astonishing the inventive skill with which by special tools and new appliances, we have reduced the cost of our production; so matchless has been the courage with which some of us have forsaken the old and taken up the new; that we are apt to lose sight of the fact that these achievements and this brilliancy and fine courage have been the characteristics of the few rather than of the many, and that most of our industries are still laggard in the race.

The Shadow of the Old Day

"The day of the rule-of-thumb in our factories is not yet ended, though its sun is setting. Many superintendents manage today as they managed of yore, true

offspring of the industrial conditions under which they grew up. There is a fearful waste of energy, of human strength and thought and even of life; and waste also of time, material, and of attention given to relatively trivial things while more serious matters pass unnoticed. We have depended much heretofore on mere drive, or as we call it 'hustling'—crowding into the compressed hours of busy days more and more, and winning out by intensity of effort and by dint of strenuous application, rather than by the scientific efficiency which saves all waste and applies the principles of the least effort to produce the greatest results.

"There are still men representing the old type who say with pride that they have never taken a vacation, as if such waste of human vitality, such failure to restore the normal drain on strength, could ever be wise or creditable. Some of us have inherited from the needs of our fathers a doctrine which almost says that work, merely as work, exertion purely as exertion, effort merely as effort, is itself a desirable thing. There are many among us, too, who from habit or necessity, and, in part at least, as a result of training, keep on doing well, and planning well and managing well according to rule-of-thumb standards, without thinking whether there may not be some better, easier, more productive, and less costly method."

"What is the remedy?" is the impatient cry. We must know what prolongs life in the human being and what destroys it. What are the rules of the game of life? What acts, what conduct always results in disaster—what acts, what conduct produce the most beneficent results? We must learn from the past; must find those concrete, tested, accurate facts which are the common attributes of all successful or unsuccessful experience.

"My Business Is Different"

Right here the American will have to learn something. In this land of personal liberty where the doctrine of individuality has led us to believe that any man is as good as any other man both in price and value, we shall have

to develop a larger realization of the applicability of common experience to the solution of individual problems.

"Our city is different," cried New York, when Municipal Research work was begun. "Our situation is different," said Standard Oil when advertising was proposed a few years ago, but now the corporation has come to advertising. "Politics is different," said Senator Hanna, when it was proposed to spend \$300,000 in the magazine and newspaper display columns to fight free silver. In 1908 Hitchcock went over his card index, paid for advertising in the magazines, and won. In 1901 "Our business is different," said the banker, when asked to advertise for deposits or to sell bonds, but Vanderlip, with the salesman's instinct, organized a sales department for the National City Bank.

A banker in Pittsburg told me he wouldn't give me certain information about the advertising of his mail-order department because "he had paid for it." His advertising was a failure, but he didn't know it for two years. He could have found it out at a saving of \$25,000 if he had been willing to listen to experience, but "his business was different."

Of all the silly, childish cant in this world, the cant "my business is different" is the most tormentingly provincial.

The Essence of Individuality

Of course everything has an individuality, but individual differences lie in methods, not in principles. Yet the right to individuality embodies the obligation to be right even as to methods. Anyone who has read Maeterlinck's "The Bee" must be struck with the possibilities of life where instinct keeps the animal true to the law.

If we had not the power of choice—of doing a thing

right or wrong, we would enjoy nature's efficiencies by instinct. But we have the power of choice, hence we have the conscious happiness of success or the black despair of failure—and yet may hope, because we can think.

What has been the result of scientific thinking in business? What are the laws gleaned from experience?

The Geometrical Increase of Expense

Principles only may be stated. It was a great and startling truth which A. M. Fisher, the investigator of business economies, gave the world in:

"Revenues increase arithmetically, but expenses increase geometrically."

What vistas of possibilities and explanations it opens up to the manager who keeps this law before him!

The stenographer in a small Western factory forgot to put a street address on an envelope containing an acceptance of a proffer for the factory output. The letter was delayed nine hours, the prospect bought of another house; the factory had to close down and fifty people were thrown out of employment for fourteen weeks.

A small error thus multiplies its results in a chain of effects like bacteria in a wound, until the whole body is affected, and even the life may be sacrificed. This is the law of sequence at work.

Most of you remember Franklin's story; for want of a nail the shoe was lost, and so on, until finally the kingdom was lost.

The thoughtful rule-of-thumb man applies to all his troubles a panacea of individual experience. The stenographer, making such an error, takes her discharge with a resolution never again to forget to put a street address on an envelope, or calls it "bad luck that a very natural mistake should produce such a big result."

Loss Prevention

No method is evolved by the rule-of-thumb employe to prevent such happenings, because the result was not recognized as flowing from a natural condition. The stenographer's memory was poor, as most human memories are, and the sales manager's system of handling correspondence was inefficient, because he didn't have a check by which he would insure himself against the effect of poor memories dealing with the most important transaction of his business.

The Burden of System

Again, the small manufacturer starts out with a simple cost system; *i. e.*, so much for time, so much for labor, so much for materials, so much to pay the boss's salary, the selling expense, and the office help, with a bit added for profit—all of which makes the selling price. Demand and production grow; men are added, then more foremen, superintendents, departments, and records at every step. Every time a record is added there come more recapitulations and comparative reports.

One manufacturer woke up one day to the fact that he was using one hundred and twenty-four different forms in his cost department, requiring fourteen times as many people to handle a cost system which was handling the records of but three times the original output. Another specialty manufacturer found that his system required five times as many people in the office as it did when he was doing one-half the business.

All these people were writing history. But there were no experts who knew how to interpret it.

System was becoming conventionalized, which is not the fault of system as such, but of an attitude toward system. System is not an end; it is not a principle, but

only a method by which the application of principles may be recorded.

The Conditions of Operative Inefficiency

This condition comes as a result of two main causes, as stated by Mr. Harrington Emerson, true to the law, laid down by Fisher:

First—Separate operations are inefficient.

Second—Separate operations are often connected in dependent sequences so that the arithmetical inefficiency of each increases geometrically in the combination.

It is common experience that profits decrease for unit of sales as sales increase in bulk.

Going a step further, we are told that separate operations are inefficient, because: "Conditions for favorable operation are deficient," which has to do with the organization, equipment, and environment in a factory, office, or territory. Again, "The operation itself is inefficiently performed," which is connected with the handling and equipment of the man-stuff employed.

The Conditions of Operating Efficiency

The efficient operation of a business must be accomplished through department managers who work out their separate plans and purposes true to the common standards. Each man in a department must work true to the plan and purpose of the department's part in the whole scheme of the organization, just as each man must work out his life true to the part he has to play in the social organization.

No man can stand alone in life or work alone in business and at the same time obtain for himself the same rewards in money, or satisfaction, or influence, or happiness, as when he works with and by and through the

house, the department, and social body for the good of that all, of which he is a part. Bees don't ignore this law; man fails when he does.

After a man is found to be mentally, physically and morally right, then we must surround him with such conditions, physical and mental, as will tend to keep him at highest efficiency.

We must equip him with such instruments as enable him to produce the greatest amount of his best work. After this, there is another thing: We must, by careful analysis from competent experience, fix the place of his work in the entire system and standardize the best way to do that work.

The Danger of Over-Specialization

It remained for Julius Kruttschnitt, director of maintenance and operation of the Harriman lines, to realize that over-specialization was the bane of work requiring close co-operation for efficiency, and that the scheme of organization encouraged this high specialization. So he changed the scheme. He dropped highly specialized titles, put men under broader designations, and made them responsible for special and general things as well.

He made them think more of the railroad at large and less of their personal jobs and departments. It was a psychological distinction, truly scientific, and, of course, it worked.*

Four departments in a certain business were hiring stenographers, each on a separate basis, at an average wage of \$18.25. A central stenographic bureau was created for the hiring of material and the coaching of applicants; the output was increased twenty-three per cent and the wages increased to \$20.00 a worker, but the pay-roll decreased sixteen per cent.

* See "Modern Organization," by Charles D. Hine.

CHAPTER X

THE RULES OF EFFICIENCY

The experts have found these rules of the game at the bottom of all business efficiency.*

The Rules of Industrial Efficiency

First—Complete and exact knowledge of the best way of doing the work.

This applies to our individual lives as well.

Second—Instructors, competent and willing to teach the workers how to use the information most effectively.

Why is this not done in the schools?

Third—Wages for efficient work high enough to make a competent man feel that they are worth striving for.

This will come industrially when we educate managers and proprietors in the school of efficiency where high wages do not mean high costs.

Fourth—A distinct loss in wages in case a certain degree of efficiency is not obtained.

So the naval men figure it; and a rigorous court martial always awaits the captain who loses his ship, and generally a court of inquiry when lesser accidents happen to impair the efficiency.

Some Rules of Accounting Efficiency

Apply those rules to your bookkeeping department. How do you know that there is not a cheaper and more

* See "Primer of Scientific Management" by Frank B. Gilbreth.

efficient system of keeping your accounts? There are literally thousands of retailers failing to make money because they haven't a bookkeeping system that tells them what they are doing. After a lengthy investigation of many businesses, the National Association of Credit Men formulated the following simple rules for business-like accounting:

"First—Charge interest on the net amount of your total investment at the beginning of your business year, exclusive of all real estate.

Second—Charge rental on all real estate or buildings owned by you and used in your business at a rate equal to that which you would receive if renting or leasing it to others.*

Third—Charge, in addition to what you pay for hired help, an amount equal to what your services would be worth to others; also treat in like manner the services of any member of your family employed in the business, but not on your regular pay-roll.

Fourth—Charge depreciation on all goods carried over, on which you may have to make a less price because of change in style, damage, or other cause.

Fifth—Charge depreciation on buildings, tools, fixtures, or anything else suffering from age or wear and tear.

Sixth—Charge the amounts donated or subscriptions paid.

Seventh—Charge all fixed expense, such as taxes, insurance, water, lights, fuel, etc.

Eighth—Charge all incidental expenses, such as drayage, postage, office supplies, livery, or expense of horses or wagons, telegrams and 'phones, advertising, canvassing, etc.

Ninth—Charge losses of every character, including goods stolen or sent out and not charged, allowances made to customers, bad debts, etc.

Tenth—Charge collection expense.

Eleventh—Charge any expense not enumerated above.

Twelfth—When you have ascertained what the sum of all

* Some accountants object to these practices, but that is not the subject of our discussion.

the foregoing items is, prove it by your books, and you will have your total expense for the year; then divide this figure by the total of your sales, and it will show the per cent which it has cost you to do business.

Thirteenth—Take this per cent and deduct it from the price of any article you have sold, then subtract from the remainder what it cost you (invoice price and freight), and the result will show your net profit or loss on the article.

Fourteenth—Go over the selling prices of the various articles you handle and see where you stand as to profits, and then get busy in putting your selling figures on a profitable basis, and talk it over with your competitor as well."

Yet I am told it will take nine years, at the present rate, if no new businesses were started and none failed, to put the retailers of the country on the sound basis of such simple principles.

Instructing the New Clerk

Did you ever hear the new clerk get instructions on how to handle the bookkeeping work he is given?

Why shouldn't such instructions be dictated by the most efficient clerk you have in the place, and made thorough, complete, and intelligible from the beginning? "Takes too much time" is the general excuse. Measure the time actually lost from explanations given piecemeal and you will probably find the aggregate of his mistakes many times longer.

The National Cash Register Company sends employes on educational trips to other industrial centres, to see how things are done and to see if they can be done better at the N. C. R. factory, furnishes sales instructors, pays for good suggestions from any employe, and always pays well for the work done. The four principles stated at the beginning of this chapter were tried out in the Beth-

lehem Steel Works and paid, by Yale and Towne Company's plant and paid, and by the Link Belt Engineering Company in Philadelphia and paid.

Establishing Standards

What principles shall we have to guide us in the analysis of the man, the conditions, and the system by which he performs any work, in order that we may establish standards for each operation or line of work? It must be recognized at the very outset that there are two distinct elements in every problem of management:

First—The machine; *i. e.*, the system and the equipment, which make up the physical part of the organization.

Second—The man-stuff with which you have to deal.

Standardizing the mere physical system and equipment is comparatively easy, but standardizing their use is more subtle, delicate, and intricate. The man-stuff in business offers to the man who manages entirely by rule-of-thumb experience, a bewildering mass of conflicting differences because he thinks only in differences and not in principles.

Psychology is making great strides in man-study as applied to business, as the work of such men as James, Scott, Hollingsworth, Münsterberg, Thorndyke, and many others shows. It is yet an infant science in so far as specific application to the problems of the market and office is concerned.

Holding to the belief that Luck governs the world, and blinded by the superficial "differences," the layman generally surrenders himself to the joint ministrations of the Devil and Dame Chance. Instinctively he tries to sweep back the sea of facts with his broom of personal experience and ultimately goes to make up the large per-

cent of those who fail for "lack of knowledge," as Bradstreet phrases it.

It is a sign of a big man when he hires experts, and only a master knows how to use them. This brings us to the principles which must govern the hunt for standards.

Before we can hope to know what we find, we must define what we want.

The real difficulty is to find that fine line where personal peculiarities and typical character separate, where individuality should be blamed for shortcomings, and where the system or the equipment should be held accountable. We admit that experience is valuable, then why not all experience, then why not all facts?

No science stands absolutely alone. Even the mechanic knows mechanics better when he knows mathematics and psychology. As Professor Thomson points out, physiology discovered oxygen (by Mayow, 1674) a century before it was chemically isolated. Thus, when we consider the subject of a card index, at least four sciences have something to do with it—botany, physiology, mathematics, and psychology.

The Twelve Principles of Efficiency

Mr. Harrington Emerson, the philosopher of scientific management, in a letter to the writer in acknowledgment of an address, "Is There a Science Back of the Art of Advertising?"* said: "Of course there is a science back of everything. The first aim of efficiency is to bring all the knowledge of the universe to bear upon each detail of operation, however minute."

A careful analysis by experts of thousands of failures and successes and a study of nature processes have given

* Delivered before the Advertising Club, Rochester, N. Y.

us certain principles, as necessary to the highest efficiency in life.

- First—Definite, accurate thinking.
- Second—Synthesis and analysis of actual results
- Third—Uncommon sense planning
- Fourth—Loyalty to the purpose of the plan
- Fifth—Education of self and others; *i. e.*, hitching expert brains to expert hands
- Sixth—Wise anticipation of the future demands of life and the work
- Seventh—A square deal to yourself and others
- Eighth—Standards of experience, scientifically obtained and tested
- Ninth—Scientific management; *i. e.*, putting scientific standards into effect
- Tenth—Discipline; *i. e.*, co-operation rather than competition; expert brains planning and trained hands working for a definite joint benefit
- Eleventh—A reward for both thinker and doer fixed by the value of the results
- Twelfth—High ideals of service to self, to the business, and to society.

Harrington Emerson, in his wonderful work, "The Twelve Principles of Efficiency," lays down principles which are definitely applicable to life, as follows:

- First—Clearly defined ideals
- Second—Common sense
- Third—Competent counsel
- Fourth—Discipline
- Fifth—The fair deal
- Sixth—Reliable, immediate and adequate records
- Seventh—Despatching

Eighth—Standards and schedules

Ninth—Standardized conditions

Tenth—Standardized operations

Eleventh—Written standard-practice instructions

Twelfth—Efficiency reward

All successful business works through these principles (by whatever names you may know them), efficiently applied, to a greater or less degree. Where the success is less, failure to apply at least some of the principles can be found.

Test all your admittedly successful work, all your failures, by these principles. The first requisite in making a scientific test is the ability to look a fact in the face without blinking and to know the fact when you see it.

The Scientific Application of Principles

What do we mean by "scientifically applied"? In answering this we obtain some additional specific laws:

First—We shall have to apply standards by which to work. When we have done our best, find out how we did it.

The sales manager gives his salesmen a quota worked out on a basis of averages of past results and the present prospects of a territory.

Under given conditions, how many statements should be written up by one clerk in eight hours?

How many twenty-line letters should a copyist in a typewriting department produce in eight hours? Pay by the line and you win—if you pay a bonus for beating the standard.

Second—We shall have to compare the work actually done with a view to its surpassing the standard.

Expert inspectors must be installed and trained to judge by a standard already agreed on. Play fair with the worker or you will fail.

Third—We shall have to reward with the best pay those who do the best work.

Remember the failure must live until you have taught him to be a success.

Fourth—We shall need more experts to teach men how to do better than the average worker.

Under the old organization the general manager was supposed to be the facient of all wisdom—he was supposed to be a perfect judge of cost systems, sales methods, advertising, accounting, materials, markets—everything. We know now that he must be able to know how to get and use expert knowledge on these things.

Work for the Thinker and the Doer

We shall require practical planners as well as practical doers. Efficient thinking is just as important as efficient doing, for the former plans the greater enterprises; the latter superintends and manages them.

President Patterson, of the National Cash Register Company, is a man of tremendous initiative and resource, yet he has been most conspicuous in his solution of selling and advertising problems. The production end of his business has been developed by others. He knew how to hire men who knew how to make registers, and by giving them a zest for the game through rewards, he and they have received more.

The late James B. Dill, of the New Jersey Supreme Court, found a way to make the Sugar Trust possible, but had nothing to do with running it. William Nelson Cromwell found a way to make feasible the Panama Canal,

but didn't dig it; he is credited with starting a revolution, but didn't fight it.

Franklin's Personal Efficiency Plan

Once in a while the practical thinker and the practical doer come together in the person of one man like Benjamin Franklin. He had a philosophy and a system of work so close to the method of modern scientific management as to make us realize that it is not new but just a clearer restatement of old principles. A description of his system appears in his "Autobiography."

Franklin furnished an excellent example of what a man can do by keeping books with himself to find out how he was playing the game and to teach himself how to develop efficient tendencies of character and how to get rid of wastes due to temperamental defects.

You will remember he found, by reading and experience, that he needed to cultivate certain qualities in order to succeed in the things he desired. He made a list of these qualities—some thirteen in number, viz.:

Temperance	Resolution
Silence	Frugality
Order	Industry
Sincerity	Cleanliness
Justice	Tranquillity
Moderation	Chastity
Humility	

Under each he put a definition of what he thought he meant by them.

The sequence of these qualities was not accidental, for Franklin had found out that nothing happened without cause, even though he could not explain it. Temperance he placed first because "it tends to procure that coolness

and clearness of head which is so necessary where constant vigilance was to be kept up." Silence came next because he wanted knowledge, and he got that more by listening than by talking, and so on down the line.

Then he made a little book, a page of which was given to each quality in the list given above. Each page was vertically ruled for the days of the week—then a horizontal line for each of the qualities on each page.

He determined to give a week's strict attention to each of the virtues successively. He put down a dot in his book for every infraction. Thus, if in the first week he could keep the line for temperance clear of dots, he would know that he had improved himself in that particular quality.

Then he would give his attention to temperance and silence together the next week—a bit at a time, but progressing, you will notice. Thus he got through all in thirteen weeks and repeated the process four times a year until he had drilled himself into orderliness of mind, habit, and morals. He found, too, just what he was doing—progressing or going back. Then he took another part of his discipline book and contrived a plan for governing the day's work, hour by hour.

Working by Schedule

Victor Hugo said:

"He who every morning plans the transactions of the day and follows out that plan carries a thread that will guide him through the labyrinth of the most busy life. The orderly arrangement of his time is like a ray of light which darts itself through all his occupations. But where no plan is laid, where the disposal of time is surrendered merely to the chance of incidents, chaos will soon reign."

A careful analysis of the lives of the great workers

proves this to be the principle on which they got the vast mass of their work done.

Hugh Chalmers, of the Chalmers Motor Car Company, whom President Patterson of the National Cash Register Company said was worth \$6,000 a month—and was paid it—always has the “Ten Most Important Things to do To-day” listed and on his desk when he comes to the office in the morning.

For some years I have always had my work-desk top covered with a large sheet of plate glass. Under that is a sheet of paper with numbers opposite certain subjects in which I am interested, such as “Salesmanship,” “Advertising,” “Commercial Organization,” “Organization,” “Selling,” “Quotas,” and over a hundred others. This “Index to Personal Data Files” is shown below, arranged both numerically and alphabetically.

My secretary uses a vertical file in which are envelopes filed by a library scheme, corresponding to the numbers opposite each subject of my list. When I see or write an article, receive a booklet, write or receive a letter, or hear a speech, which I wish to save for some purpose in my plan, I mark it with the number, and it is filed in the subject envelope, where it is ready against the time when I shall want it.

A little thinking every day about each of many subjects in the course of a year, in this way produces a fund of information, suggestions, and ideas without a tax on memory.

While I am not naturally orderly, this process has trained me to be so, and I have been able to handle an immense correspondence and a vast amount of original composition with the maximum of efficiency, the worker considered.

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Preservation of Ideas

Every man has some good ideas, but they are not at hand when the work is to be done or the opportunity comes. Ideas come at night, when they escape during sleep; they come on the train or the car or in the theater, and fade into other things. I have followed Emerson's advice, and for ten years have carried a book in which I

jotted down all sorts of things, original and from others. During the past three years, I have made this a loose-leaf book, because I can file the leaves in the subject envelopes of my data file. In this book I write on everything or anything—a large per cent of it never gets into print; hardly any of it ever gets into print as originally written—but I have “a place in which to record the visits of Thought.” This process eliminates waste.

My problem was to have at hand, when needed, the best things I had thought or read or experienced on any subject which was likely to become necessary in my daily work. I had to create a machine, for my memory was not sufficient for separating wheat from chaff during the day's work, and at the same time retain all the wheat of old separations.

I have used this same plan for a great business, until I saw its data files the court of appeal for facts, figures, and suggestions.

Standardization by Experts

A little consideration will make plain how Franklin's method of growing tendencies was true to several of the rules of the game and to the four laws of scientific management. But any attempt to put these laws into execution in a business, even of moderate size, would be difficult and likely to be a failure, because no one man knows enough about everything to be a safe judge of all things. We would not even know how to test a business by the principles, because we do not know enough about each one, but the important law to remember is that the principles must be applied even if the present equipment can't do it.

Experts should be employed to fix standards and to teach the workers how to realize them. A man found out

that coal varied in heating qualities, so he went to a coal expert, who gave him a standard thermal unit, and the man made a 19½% cut in an annual coal bill of \$14,000 —one product of open-mindedness.

The experts must be able to settle principles and policies; the workers will be rewarded for success in carrying them through. This calls for scientific organization; *i. e.*, expert thinkers on the one hand to plan the work; expert doers on the other to carry the plan through.

In the work of living, the individual must test his own work, just as Franklin did; he must think for himself and do for himself. Let a man place those principles alongside his daily work, but let him not flinch when he comes to application.

The Letter Killeth

Let him be careful, for any rule is dangerous to a man who does not know the spirit in which it is formulated. The observance of the letter of a law generates cold, dogmatic thinking, and makes mere automatons of men. For that reason Cromwell had to overthrow a government; Luther had to lead a reformation; and the Colonies had to fight a revolution. The rule by which they were governed had fallen out of touch with life. It had become a cold, lifeless, stony convention.

Our political upheavals may all be traced to the same inefficiency.

That, too, is the reason why we must get new managers for our businesses. The old ones soon know so many things that are no longer true. An old bookkeeper came to me the other day and said, "A young man with a lot of fool notions about cost systems has taken my place." He had been "dead" for ten years.

The letter of the old rules of procedure becomes out-

worn, but the spirit of the old law remains the same. Every rule of action must be interpreted in the light of a new experience, and often revised in statement to conform in letter and spirit with the progress of larger experience.

A careful reading of ancient, medieval, and modern history—an analysis of the lives of governments, of corporations, of firms and individuals, and of national and individual life, has given the searchers after truth some universal principles. These constitute the new Gospel of Efficiency.

CHAPTER XI

THE WORK OF EFFICIENCY

What Efficiency Can Do

It has been claimed that the expert application of the principles of efficiency will increase our national wealth twenty-fold. An analysis of wastes in all lines of human effort, compared with the economies in nature, makes the thoughtful believe the statement.

The New York Bureau of Municipal Research found millions being wasted because a few of these efficiency principles were not observed in the buying of city supplies and in the conduct of departments.

The individual life-stories of over four thousand paupers, actually investigated, proved the lack of these principles—a common quality of their lives; the life of every successful man shows the observance in greater or less degree of all the principles. The complete observance of all of them is the ideal for which we must strive.

Thinking men strive automatically to overcome waste.

Advertisers and their managers are getting together to find out what they are doing, just as the credit managers got together ten years ago. The Association of National Advertising Managers, composed of the advertising managers of one hundred and fifty firms (1912) with total annual advertising expenditures of over \$30,000,000, is one straw showing the tendency.

Efficiency in Selling

The present problem in selling is to make a man's time and energy more productive.

Machinery has produced so much that it has become a problem of the salesman to keep up with the machines.

Distributors have increased 75 per cent since 1880, and if this ratio continues in 1976, every worker in America will have to support a distributor to get rid of what he makes.

The schools for salesmen of the National Cash Register Co., Burroughs Adding Machine Co., the Multigraph Sales Co., the Yawman & Erbe Mfg. Co., the New York Life and other insurance companies, and scores of others, are giving impetus to a scientific attitude toward selling. It is a far step in advance when such a concern as the Borax Company tells its salesmen: "There are certain laws and principles behind the selling of goods just as there are behind any profession; you use these principles every day." Thousands of sales-making experiences and arguments are lost to the men of an organization where the old idea of every-one-for-himself is the guiding principle.

Let a selling force work:

- 1—On quotas for each territory; *i. e.*, a definite amount of business assigned to each territory.
- 2—With definite instructions as to what business will be acceptable and the terms.
- 3—With a corps of experts coaching and suggesting means and methods of improvement—to make each call more effective.
- 4—With a reward for exceptional work so that a man gets well paid for what he does.

Such a sales force is scientifically organized, but even then only when it is working against standards fixed by some more precise methods than the like or dislike of a sales manager.

I know a concern with 600,000 prospects that can sell only 5,000 new prospects a year at the end of twenty years. Surely it has no particular cause to flatter itself with the idea that it has solved the problem of sales efficiency.

Inefficiency in Advertising

In advertising, standards are in a bad way. When a well-known advertising man proposed an Institute of Advertising Research he was laughed out of court. But we shall yet have it, because advertising is becoming too great a problem to be solved by the rule-of-thumb methods of yesterday. If asked to tell exactly what advertising did for a firm selling a nationally distributed article, very few of the managers could give a coherent answer. Asked what they were buying, they were unable to tell with any but approximate accuracy.

This condition cannot last, and advertisers will have to get together and find out what they are getting for the money they pay. The advertising manager now wastes too much time buying at the lowest prices instead of taking care to test what he buys and to know what he gets when he buys. A publication purporting to distribute 200,000 copies per month had but 34,000 when sold by the sheriff; yet it had some of the best and biggest advertising accounts in its field. In the case of one respectable newspaper in a mid-Western city, an advertising manager told me there were nine different rates for the same advertising service.

Advertisers have but a vague notion of what constitutes circulation. A gentleman of great legal ability offered to wager me that "The Saturday Evening Post was not read by more than 100,000 business men"; yet that gentleman helped to determine an advertising appropriation for a great corporation.

Every day we see advertisers who should be using newspapers throwing money away in magazines, and vice versa.

The selection of a publication because "I have read it for ten years and everybody I know reads it" is the almost daily answer to the question, "What medium?" Opinions have ruled in advertising for fifty years; men who knew little about facts have dominated advertising practice; millions have been placed on a purely personal opinion basis.

The real students of the art of advertising will admit I am not overstating the case a single cipher.

Last year an advertiser gave his account to an agency which drew up an impressive line of advertising that read well and looked attractive. Space was taken in eleven mediums of general circulation. The goods were found to be salable in cities only; sixty-three per cent of the circulation of the mediums selected was in the country. This was pure waste through inefficiency.

The time and the energy—all meaning money in the long run—wasted in advertising and selling methods is appalling. Managers are trying to find out the consistently true things about the work. Thousands of dollars are literally thrown away every year because there has been no room for the practical thinker in advertising or selling; all prizes go to the doer, who *does* things, fills space, spends the money, gets results today. Times are changing.

In the export field the inefficiencies have been enormous, from sending flat last shoes into Cuba, sending tons of Spanish catalogs to Portuguese Rio Janeiro, and offering corn breakfast foods to the French, to sending bicycles into the back country of Colombia.

Business in America has been able to stand it, but there are signs that it can't keep on doing this sort of thing.

Inefficiency in Management

The rule-of-thumb manager has no policy he can set down in black and white. He is an opportunist—catching what he can “on the fly.”

He is uncertain what he shall do tomorrow—vaguely generalizing on the haphazard records of the past; he has no confidence in anything but that sentimental uncertainty, “the future of the business.” Thousands of salesmen bear witness to this, because they have tried scores of houses. Salesmen have to spend too much of their time “selling the house” something they think is good. The man in the field is as uncertain about his future as the manager is about the morrow.

The sales manager of a big corporation, when a district manager did not produce results, simply changed men, generally promoting men whose individual sales records had been good, but whose fitness for managerial positions he determined by personal inclination, a good deal as a gambler guesses a number. That he failed to develop efficiencies was proven by the fact that the business slumped nineteen per cent when all other concerns in the same general field showed increases.

Promotions to managements were made from the ranks because a man could make sales. No examinations were held to find out whether new managers knew how to run the business. The departments outside of the sales had nothing to say, although the promoted men might have been the worst of the house. Result: twenty-two per cent yearly changes in the sales organization.

Age—record of sales—length of service—loyalty, should have only a part to do with the promotions of men to managerial positions. It is fitness for the job, and that is dependent on a capacity to get out of the job all there is in it.

Too few sales managers are on top of the job, because they are not in touch with the realities of the sales conditions inside and outside the factory. Often it is more important to know the former than the latter.

The manager who uses the big stick instead of his head finds but little consolation. If it costs \$100 a man to get a salesman and start him in the field, how much have you lost in the past ten years? If you are working men on commission, how much have your men lost through lack of training?

Under the everyday try-and-fail scheme of organization standards, an army would soon be a rabble. Sales forces of many concerns have no organization sense of *esprit de corps*. The sense of the service lies in the pay envelope only.

In the army of Napoleon, every private left room for a marshal's baton in his knapsack, and Soult, Ney, and the many who rose from the ranks proved in the hard school of which Napoleon was the master that they could handle it.

Hew to the line—keep men in training for the ultimate object, viz.: making successes. The successful men are working out their own salvation; let them succeed. Turn your thoughts to the near-successes; have your standards of successes so analyzed that you may be able to show the failures where the trouble is.

Managers are judged by the men they make. Carnegie made forty millionaires.

Inefficiency in the Office

The average office is inefficiently run. Modern labor-saving machinery is not used as much as it should be, because it is nobody's business to develop office efficiencies by the scientific study of savings in time, work, and ma-

terial. Try to sell copying machines, duplicators, and card and filing furniture to the average business house, and the pathetic ignorance of the average manager of any efficient method of testing requirements makes the un-thinking seller give credence to the Luck theory of life.

There is hardly an office in the country where the clerical efficiency could not be increased 25 per cent, or even 50 per cent, by the careful introduction of labor-saving machinery and expert supervision of work done under the impetus of the rules of the game. I do not mean by systematizing alone, but by the efficient handling of such simple things as cards in a drawer, the re-arrangement of desks, the re-arrangement of clerks' positions relative to each other's work, and the re-assignment of work by which men whose especial fitness was determined by examination would handle it.

By simply changing a card list of customers from files to tables, nearly half the time of four girls in an addressing department was saved. By doing away with stenographers' desks and replacing them with special tables in a mailing department, a 20 per cent gain was made in the room. The introduction of a bonus system, according to rule 3,* increased production 44 per cent and pay-roll 9 per cent in a typewriting department. The re-arrangement of desks in one office raised the time efficiency in handling bills nearly 21 per cent.

The teaching of ten girls by an expert, how to handle cards when addressing from them, increased quality efficiency 29 per cent; which meant a saving in material, equipment, salaries, and room space, that would foot up considerably more in an actual dollar-and-cents saving.

President Eliot's famous dictum ought to be placed over every manager's desk:

* Chapter X.

"No man should be placed at work which a machine can do better."

In any office employing seventy-five clerks or ordinary workers, it should be some man's duty to be busy at nothing else but trying to find some shorter, better, quicker way to do the work; teaching new employes, spurring old ones; calling on other concerns, looking into new things and methods.

The bookkeeper, rushed to death, overworked from morn till night, has no standard instructions for his clerks, for each man works out his own methods of handling the detail. In one department there were four methods among seven clerks of handling chain discounts.

Under such circumstances each department is a pot into which is flung higgledy-piggledy as much work as it can absorb by overtime and the strenuous oversight of a bedeviled manager. Many men are always busy like a pig's tail, but never do anything worth while. They have energy, but they do not know how to apply it; they should be taught; for efficiency is what the house is paying for.

Efficiency in the Individual

The man who has nothing but brains can increase his efficiency in the position he knows best how to fill:

First—By observing the best way to do the work he is doing, because he'll have to know that, if he is ever to be an efficient manager of men, and by testing each way by the standards given.

Second—By understanding wherein work coming from departments or desks to his, is badly done, so that he may raise efficiencies by having the work come to him in the most acceptable form.

Keep a record of your work—just a little book for the

pocket will do; a record of these three divisions: note improvements you make; note the precise gains in time, work, and material accomplished by your changes; keep accurate data on your efficiencies, because you want to know them for your own satisfaction and future guidance.

Mere improvements in appearance are not so important as improvements that cut down or cut out time, work, or materials. Carefulness, accuracy, etc., are necessary, of course, and no work can be efficient without them, but make no change until you know that it will gain something in time, energy, or materials.

After you have made changes that have produced results, then go to the head of your department and lay the data before him. You have a right to know what he thinks. You'll be rewarded.

If you are not, then the question is, have you learned in that job in that house all you can? If not, stay and learn; go on improving. If you have, find another job where you can deliver all you have learned and get a chance to learn more. Remember one thing, you are not losing anything so long as you have an opportunity to learn, because you will get paid when you go elsewhere. When you are suppressed, held down, and compelled to stop learning, get out and go where you can get a chance.

This process will get you more than the painfully precise picking up of pins of the popular story book, and clean linen, and being especially polite, or wearing rubber heels "because Cortelyou did it."

Organization Efficiency

Every house must have an accurate system of man-appraisal, or it is bound to let good men go because they want more money, and keep poor men when they are getting more than they are worth. Every house operating

on the rule-of-thumb basis has a large loss of efficiency through the lack of proper basis of appraisal of service.

Men often get more than they are worth because they will leave if not paid more, and a lazy manager would rather pay than look for another man. A proper system of understudy, a proper system of service promotions, a proper understanding of house policies, a proper standard of reward will go a long way toward stopping that; for when you find you can't get along without a man, it is a good time to begin to train his successor.

It is with the high purpose of warring against waste of time, work, materials, and the man-stuff of the world that educated managers are getting at, and fixing, the rules of the game in every business, department, and job.

PART IV

On the Road to Damascus

CHAPTER XII

THE NEW GOSPEL OF COMMERCIAL EFFICIENCY

Let there be Light.—GENESIS I, 3.

The Dawning of the New Era

On the occasion of the opening of the first section of his new Philadelphia store, in March, 1906, Mr. Wanamaker said to the assembled employes and guests: "To be a thorough business man or woman requires an *education* and a course of at least four years in a school of practice, to enable one to earn a fair living."

Mark you, "an education and a course of at least four years." This man, speaking after forty-five years of consistent development, had made the journey to Damascus, had seen the Light and heard the Voice.

The journey of Saul of Tarsus changed the history of the Christian religion. That journey of the young Wanamaker into the strange country of merchandising was destined to change the policies and practices of the commercial world.

It was on the morning of the 6th of May, 1876, when the great Centennial Exhibition was opening in Fairmount Park, Philadelphia, that the "Grand Depot" opened with a half-million dollar stock of men's and boy's clothing and furnishings. Philadelphia merchants smiled and carefully figured what the stock would be worth at a forced sale, for in the minds of the merchants "the idea could not, of course, succeed because it was too big, and the people would not take to the new-fangled ideas of the young proprietors."

There were at the very least a hundred good reasons, from the experience of the retailers of that day, why the "Grand Depot" should have failed; but there were two better ones in the laws of nature why it did succeed. Every Philadelphia merchant knew most of the reasons why it should fail, only John Wanamaker and his partner had figured out a few of the reasons why it should succeed. They saw strange, new possibilities in retailing because they had become familiar with the real laws underlying the course of trade.

They had discovered how to apply the only two new ideas that had been introduced into retailing in a thousand years:

- 1—One price to everyone
- 2—Money back if not satisfied

The New Creed

The greatest insult the new enterprise offered to the old kind of merchant, however, was the creed of the new gospel of merchandising efficiency which had been announced in the local papers of Philadelphia that May morning and which was to mark the dawn of a new era in the retail business policies of the world.

This was the creed:

First—The new store would not importune anyone to buy.

"Cappers" and "barkers" were a familiar sight on every sidewalk, before every retail store; and all salesmen were supposed to sell all they could for as much as they could get and were censured if they allowed a customer to get out without making a purchase.

Second—The prices of goods were put down at the beginning to the lowest point that they could be sold for and there was no "underground way" to get better.

All customers were on the ground floor from the first.

That was rank heresy. No prices were supposed to be water tight. Goods were always marked so as to give salesmen a chance to haggle and dicker with a customer; *i. e.*, to show their "salesmanship." A "good sale" was when a customer got a "poor bargain."

Third—The goods were genuine, trustworthy. Seconds were not sold for anything but seconds, even if the people could not tell the difference.

"Mawkish sentimentality," "bluff," "untrue," were the sneers with which that policy was welcomed, because *caveat emptor* was the business rule of the day.

Fourth—A sale could be canceled and money got back easily by the return of what failed to please.

That was "simply suicidal" in the eyes of the old merchants who were dominated by the rule-of-thumb policy of the day. They cried: "the public will swindle your eyes out," for the public had always been considered the prey of the merchant, to be "skinned" and "done" and then, as now, we always suspect the honesty of the man we swindle.

It is only fair to say, however, that the merchants of that time looked on the buyer as one who would try to get the best of the bargain, which meant, pay less than the article was really worth, if the seller would permit.

Fifth—New, fair, and most agreeable relations must be established between the purchaser and the seller—the poor or the rich, the wise or the unwise; there must be no favoritism.

The merchant and the buyer had theretofore always been at war with each other. There was but one point of agreement between them; each was trying to get the better of the other.

The Apostle of the New Era

Wanamaker turned the whole retail system of the day bottom side up, and said: "Hereafter, not competition between buyer and seller to see who can get the best of the other, but co-operation between the man who wants something and the man who can get it, for the purpose of satisfying both, in profit and goods. No business can long endure where there is no mutuality of profit between the two."

Did the Damascus of his day welcome this new Paul with open arms? It did not. Those who are not "up" on a thing are generally down on it. True to type, the Philadelphia merchants at first welcomed the announcement with amused tolerance. Then they noticed the public going to the new store. Wanamaker's competitors met each other and talked indignantly of this upstart innovation, and when he grew they even thought laws should be invoked to prevent such waste, and unfair competition—always the first thing an incompetent, weak-kneed merchant thinks of, *i. e.*, getting the general government to guarantee him success in his business.

They tried to get the newspapers to refuse his advertising. They wanted to save the dear public from being swindled!

So the apostle of this gospel of the new merchandising efficiency had to battle with blind ignorance, which is akin to hate, with its venomous tongues and its sly stab in the financial back. The scars of that war, he will carry to his grave. He has lived to win the great revolution in buying and selling, to be recognized as the merchant prince of his time, and to be honored wherever commercial genius is recognized.

He was the first modern retail advertiser. In his *Golden Book*,* issued to commemorate the close of his fiftieth year

* "Golden Book of the Wanamaker Stores."

as a merchant, Mr. Wanamaker gives some rules of advertising, which show how this great merchant works true to several of the principles of efficiency—for he never tires of seeking the Rules of the Game.

Any analysis, even superficial, must lead one to the realization that his mastering quality is the power of objective thinking. He thought about his possible customer. He found what she wanted, what her needs were, and then prepared to get what she wanted and needed, and organized to place it in her hands with the greatest economy of time, work, and worry to her and himself.

In this process, of course, there were some things accentuated at first which were later subdued, for the mind which analyzed the possible customer analyzed business efficiency in its parts of financing, purchasing, distribution.

As he had felt the need of educating his customers, and as he had found it difficult to get what he wanted in a store, he determined to take his store to the people. He would not wait for them to come to him.

Wanamaker Publicity

He was an advertiser from the beginning. Of course he advertised differently. Advertising was fundamentally salesmanship, and salesmanship was the process of leading people to want what you wanted them to have.

But he had a larger vision than most of those who used printer's ink in those days. Advertising was still in leading strings to quack doctors and fake medicines, so that the better merchants considered a card or announcement all they could, with dignity, permit to appear. Others, careless of commercial conventions and honesty and honor, too, used the newspaper more freely, but advertising gained little in dignity or power of appeal through their patronage.

Let the Golden Book tell Wanamaker's own story:

"To speak truly of the store and its merchandise, is the simple rule of Wanamaker publicity. All Wanamaker advertising writers keep this precept before their eyes until they learn to keep it in their hearts.

"The rule, of course, has many corollaries. But in itself it is fundamental and all-embracing.

"Wanamaker publicity gathers its inspiration from Wanamaker merchandise; Wanamaker merchandise reflects the personality of the Wanamaker Store; the Wanamaker Store's personality is but the composite of the individuality of the founder of the Wanamaker business and of those he has gathered about him.

"Wanamaker publicity is, therefore, Wanamaker publicity—original, distinctive, changing daily in form and matter as the New Kind of Store changes its merchandise and its environment, but remaining ever true and always the same at the heart. It is a pioneering publicity, cutting its way out of the solid rock of experience, leaving behind a model that is used the world over, but reproductions of which, like all imitations, are not and never can be original.

"See how early the Wanamaker advertising pen touches the merchandise. When orders are passed for merchandise, says the Wanamaker guide-book, the buyer of the merchandise shall be interviewed, and all the facts, news, stories, and reasons for the purchase be written down and scheduled.

"Then follows this injunction: 'Advertisements shall be written only on personal inspection of the merchandise.'

"Tell the whole truth about the merchandise though it hurts,' is another rendering of the fundamental Wanamaker rule, to speak truly of the store and its merchandise.

"Conceal nothing the customer has a right to know, is still another variation.

"If cotton is mixed with wool a Wanamaker advertisement must say so.

"If the article is a second it must be so presented.

"'Be fair to the merchandise' is the one command; understate, but never exaggerate; don't impose on poor dumb merchandise responsibilities that it cannot bear."

The Spirit of Wanamaker Publicity

In another part the Wanamaker historian says:

"But it is not the form of advertising nor even its purpose, that places a store in wireless contact with the public and makes of this advertising a great dynamo of service for mutual benefit. It is the spirit of the advertiser, reflecting truly the spirit of the store and its service, that supplies the current of trade and good will.

"And the spirit of a thing is its very own—it need not be copyrighted; it cannot be copied nor stolen.

"Form is only outward appearance. It follows the customs of a day. It is a matter merely of fashion.

"Wanamaker advertising passed through the various forms of type and display. It followed the newspapers in some instances; in others, it led. But always it aimed to use that form which would please the public.

"In its spirit, Wanamaker advertising has always been a leader. It does not blindly follow the Spirit of the Times, but interprets it wisely, and in a sense formulates it.

"Now what is the spirit of Wanamaker advertising? Analyze it and you find—

- 1—A real first aid to the buying public
- 2—Absolute accuracy and frankness of statement
- 3—Readable type and original display
- 4—Clear expression
- 5—Freshness, newness, and distinct style
- 6—Thorough investigation of merchandise
- 7—Systematic and logical presentation
- 8—Always an optimistic outlook
- 9—Justice to the manufacturer, the customer, the competitor, and the merchandise
- 10—The store's personality

"Mix these ingredients on your palette, and you can paint the picture yourself, or you can see it in the daily Wanamaker advertising pages."

Philosophy of Wanamaker Publicity

Mark you this, you who are all so quick to make light of the entrance of science into the art of advertising, what Wanamaker has to say of the trend of the times:

"Today in its entry upon its present era of science in advertising—the highest of all—Wanamaker publicity is still leading the way. Here again the change is internal. It is not one of form. It cannot be seen. It can show only in the result—in the benefits that must come to all in placing advertising, like anything else, on the basis of science.

"The more goods a store sells, the more economically those goods can be made and distributed. This is axiomatic.

"Presuming the merchant takes only his just profit, the greater return for their money will the people get.

"Wanamaker publicity is only part of the Wanamaker distribution of merchandise—from the producer to the consumer. Distribution of merchandise is a vital part of life in this stage of civilization. The less this distribution costs, the more money is left in the hands of the man who makes a thing and the man who buys it because he wants it.

"Therefore, as advertising is the first aid in distribution, the more scientific it is made, the less will distribution cost—and the greater the benefit that will accrue to humanity.

"Everybody has a vital interest in advertising. It is a duty, as useful members of society, to read and to respond to advertising—sharing in the general economy that follows.

"Merchandising is mutuality.

"Scientific merchandising must include scientific advertising.

"After each Wanamaker advertisement is in proof form, but before it is published, it is verified as to accuracy and sincerity of statement.

"It is scanned as to its service and helpfulness to the public.

"It is tested as to its economy of space and money—for economy in every branch of merchandising always leads to lower prices.

"It is judged as to its manners and language, which assures good English and French, and prevents slipping through of inartistic or distasteful display, type, pictures, or expressions.

"Wanamaker publicity takes the attitude of the customer. Its sole purpose is to be helpful to the

store's customers in the selection of merchandise that will satisfy. It aims to sell goods, but not to push goods on an unwilling public."

There we have at once a philosophy of advertising efficiency which any advertiser—retail, manufacturing or national—might well make his own.

Wanamaker's Scientific Open-Mindedness

Wanamaker started right, for he said: "Now we know that publicity has a larger and finer field than this—that it must be informative, educative, productive—in a word, "scientific." In another place: "Scientific merchandising must include scientific advertising." "What!" shrieks the "born" salesman and advertiser, "scientific merchandising and advertising! What awful rot!"

But do we not have the intuitive, precedent-ridden, conventional advertisers up against one of their pet proofs of superiority?

Let them not forget Mr. Wanamaker has just as many medals for success as any of his critics. Again, if the test of "doing" be the standard by which we shall judge of the rightness of a claim, then let us accept "science" of merchandising and advertising, when this captain of men who do things appraises it so.

Thus he started right—our first principle of efficiency—by thinking on the real facts and truths of the plan. Then he elaborated the rules of the game as it was going to be played. See his creed as already given. He found the use, the value of each rule he practiced. He was scientific in attitude and method, with an open mind toward new ideas—in short, he was educated.

How did he know what to do? He saw in each fact a pillar for a possible structure where a fool would have seen in it only something to lean on.

The generations, environments, and experiences made him curious as to means and methods. He mastered the past and in doing so learned that it pointed to the future as the way out.

Scientific open-mindedness as a matter of principle was the real secret of his power.

The Old Order

To understand what open-mindedness in the retail business meant in 1861, one has but to read a business history of the times. "Business itself was considered but half respectable; most merchants when they got money enough, called themselves bankers; there were no sewing machines; peddlers prowled the outskirts of the cities and sold in the small towns; there was no ready-made clothing for boys, and father's was a sight; candies were made by hand and were generally home-made; bakers filed notches in a stick to tally the sold loaves; retailers made no free delivery of purchases." Take down your histories and read, or, better, turn to Wanamaker's own book—it is all there. What would most men of today have done in '65, when this new retailing genius burst on Quaker Philadelphia, just getting over a war? What would they have done in '76, when she was showing in her great Centennial what the old methods had done? Probably the men of today would have done what most men of that day did—joined the anvil chorus; what, in fact, do they do today, when you talk of training employes and raising efficiency by scientific management?

John Wanamaker had seen the Light. He saw salesmen wasting from ten minutes to an hour chaffering and dicker-
ing with customers over prices. He asked himself what was the real money result of that lost time. Franklin had said only three generations before, "Time is money." Napoleon had said in his day, "You may ask anything of me but

time." If time was so valuable, did it pay to use so much of it in getting the extra pennies for a yard?

He saw people going into stores prepared to purchase —after walking all over town. What was the use of having a fight with a customer when your real purpose in being in business was to sell her something? He saw customers swindled and cajoled and brow-beaten, and he knew they never went back to that store again. What was the use to spend money to get customers when you drove them away as soon as you got them? In those days women rarely shopped, in the modern sense, because buying was a disagreeable experience.

The whole system was wrong, he told himself. It was absurd and wasteful, but all mercantile experience was against him.

All the rule-of-thumb merchants of his day said the new way couldn't succeed, and when they saw he was going to try it, their prophecies turned to covert threats and active resistance.

He couldn't make the business practice of the day square with his common-sense knowledge of mere human nature and his conception of the efficient use of time and skill and brains. All this while he was assimilating the thoughts of those who wrote books, and he was studying people, asking questions everywhere of everyone, like a Chinese ambassador.

He had started out in life to become, as a matter of definite aim, a great merchant. He recognized the necessity of doing some thinking because he had brains and no money. He knew that mind can create money and then money and mind can do the world's wonders. As he once said:

"Back of the light there is a dynamo. Back of the dynamo there is mind. Back of mind there is *law*."

Wanamaker never rested in his analysis of the prob-

lem, "How may I create a great and profitable business?" until he had found the Law; most men stop at the dynamo. "Why was business then so slip-shod, done on a hit-or-miss style?" he had asked. He soon found that father's way had been sanctified by custom. Business was in bondage to tradition.

If business had been done so for fifty years it was time for a change. "Trade had become a different thing in the era of steam roads and telegraphs. For one thing, prices were coming down, and that called for different treatment of business. Folks didn't have to buy of one merchant or go without."

Competition was making itself felt and that called for hard thinking on the great problem of getting and keeping customers. But grandfather still had a big influence.

The Journey to Damascus

It was time for the journey to Damascus.

Wanamaker, in an earlier day, like Saul of Tarsus, started out to go down to Damascus to bring back a few captives from among those who would trade with him. On that "road to Damascus" he, too, had an experience. His eyes were opened to the great universal laws of trade, and he came back from that journey the Apostle of Righteous Business, a square deal to all—business competitors, customers and society—as a matter of course and not of necessity or policy. On that basic faith, Wanamaker has sold more than five hundred millions of dollars worth of goods to the people of America.

He "had seen the light," got a vision of the new service idea in business, caught the enthusiasm of the Spirit of Commerce.

What is this "light"? Let us call it the knowledge of good and evil, truth and lies, faith and scepticism, science

and rule-of-thumb; and the man who has this knowledge is educated to look beyond. He has seen the light of Truth and heard the voice of the Spirit calling him to the service of the community. As another well said: "The educated man is he who follows the *standards* of truth and beauty, who employs his learning and observation, his reason, his expression for purpose of *production*, that is, to add something of his own to the stock of the world's ideas."

In that definition are two words which I have emphasized that they may not escape the inattentive reader, *i. e.*, "standards" and "production."

Why is education necessary? Because it produces that quality of mind without which progress becomes impossible or painful—open-mindedness to new ideas.

The educated man has the power to arrange his ideas, to see their relationship to other ideas of the same or a different class. When the educated mind reads of the standardizing of brick-laying practice, it sees the possibility in handling the collating of signatures in a bindery, and the handling of letters, envelopes, and enclosures in a mailing department.

The man who studies military strategy soon sees the possibilities of the application of its principles to business. As General Grant once remarked, while going through Wanamaker's, "It takes as much generalship to organize a business like this as to organize an army."

CHAPTER XIII

THE GIFT OF PERCEPTION

Closed-mindedness is the besetting sin and the insignia of the little man, just as open-mindedness is the universal, distinguishing quality of the big man.

Some Who Saw

Secretary Meyer of the Navy introduced scientific management into the navy yards, because Secretary Meyer could not see why it should cost so much more to run a government than a private business. To the navy yard foreman, however, "government work is different." Of course such thinking makes it different in the way in which it is actually done, but that does not alter the fact that Secretary Meyer was right.

When Lincoln wanted the Federal troops quickly moved to Washington, he sent for Colonel Thomas A. Scott, an official of the Pennsylvania Railroad. Scott moved the troops because he knew how to handle a lot of trains quickly. Lincoln couldn't see any difference in moving thirty thousand soldiers and thirty thousand of any other sort of people. He got the man who knew how to handle trains. He afterwards made Scott Assistant Secretary of War in charge of troop-moving. Lincoln had read and talked and listened until his mind was sensitive to impressions from every source. He was educated, his mind was open.

The world of men and things and ideas, of work and play, of sorrow and laughter, was Lincoln's home. He had learned to think in the silences of his Kentucky and Indiana and Illinois cabin homes, of the forest and the fields. He had

learned to think while he mastered the few books he could borrow. He had learned to think when he found himself alone in the crowd. He made many a mistake of taste and thought and act, but he was right in heart, head, and soul. He rarely missed the point of a thought, as his inimitable stories so aptly illustrate. His power to do things was beyond question because he was always in command of all his forces. He saw in and beyond resemblances because he knew the thing and saw beyond it to its end.

This is the common characteristic of such men. Essentially all men of power are alike.

Take down the biographies of fifty great men in as many different walks, occupations, spheres of life, of even different times—they are alike in their open-mindedness.

They concentrate. Yes, but how? They concentrate the power of a wide range of thought, experience, reading, research, on the detail problems of their work.

Sight Limitations

On the other hand, the rule-of-thumb man considers only the past and present of his experience. Beyond that experience he is a rudderless ship adrift in cross currents. In business he is the near-success, in private life the victim of the gold-brick artist, and he contributes nearly \$100,000,000 a year to the fake investment sharks.* He is the man who calls advertising a "game," and means it; he believes a cost system is red tape; looks on technical education as a waste of time; thinks agricultural schools are "schemes to give easy money to lazy highbrows."

I have had occasion to say what has been often said by others, that a man can see in a thing only what he knows about it, and this particularly applies to the problem of the education of ourselves and our men.

* Report of the Post Office Inspectors.

Let me take this pen with which I write and ask you to tell me all that you can see and all that it suggests to you. There are but few who could get much further than the metal, the size and shape, and a few fragmentary facts about the kind of steel used in the making of pens. Yet the expert pen salesman will give me a hundred points, which I could appreciate as important if he knew me and my work and the pen.

The Power to See

The classic example of this capacity to see many things in little, because much is known, is Professor Huxley's famous lecture, "On a Piece of Chalk," given before the workingmen of Norwich, England, in 1868. It is now a classic. The few clerks who analyze their daily work to get at its full significance are those who go forward. It is the uneducated advertising men and salesmen who glide over the outer, superficial resemblances, and never go deep for the vitals, who fail, who are always just out of or in a job. The educated man cannot do things that way. He has seen what a Huxley can do with a bit of chalk; what Robert G. Ingersoll could do with a petal of a rose, and has read what Lamb could do with a slice of roast pork. He learns; he is educated; he knows that nothing is unimportant; that he must know everything about something and something about everything, as one epigrammatist has put it.

A salesman in the Berlin office of the National Cash Register Company was asked why it was that he sold more registers than any other man in the German organization. It was rather a curt response: "Because no man can ask me a question about the cash register or its application that I can't answer."

The man of power, they say, makes opportunities. He doesn't do anything of the kind. He sees opportunities

which the uneducated man's untrained eye does not see, and can't see, because the latter does not recognize that there are any differences in any conditions, and does not see them as opportunities.

Just outside the fence surrounding the grounds of Luther Burbank's home at Santa Rosa, between the curbing and the sidewalk stands a row of trees. They are noticeably tall, wide-spreading, inviting trees even for that country where magnificent verdure is the rule. They are a Burbank product of education from a series of patient experiments with the English walnut and the California black walnut. In his "Royal" black walnut, Burbank has produced in seventeen years what the ordinary walnut requires thirty-five years to produce. Burbank experiments and records the myriad facts; the results of all he does—the failures as well as the successes, mind you. He, like all other great educators, knows that nothing happens. He often grows fifty thousand seedlings of a variety just to get the perfect one. Even then he sometimes fails to get the result he has anticipated. But that failure is the starting point for a new series of experiments.

It took six hundred and six experiments before Ehrlich got the result which may rid the world of the terrors of a loathsome disease, and even now that remedy is but ready for further experimentation at the hands of the world's practitioners.

We shall have to develop Burbanks in business, to get at values and costs, to lessen the time and labor of operations, to increase the efficiency of advertising and selling energies. We shall have to make men who, at twenty-five, can do the work of men at forty. As Burbank grows fifty thousand seedlings to get the perfect one, Society has been growing fifty million Americans to get one Lincoln, but Society has to keep the bad with the good.

It is important to produce more good man-stuff. We must train our boys to see the big things by knowing the value of many little things.

The Hidden Possibilities

If the disheartened clerk does not "see any future in his task," it isn't in his task, the future of any task is in the worker. Any task is big with hidden possibilities. Burroughs discovered an adding machine and money and fame in the fact that adding columns of figures is a mechanical operation. The big-salaried salesman sees big possibilities in a territory because he knows the wants of the small merchants better than they do themselves, and he fits his wants to theirs, and makes the two satisfy each other, and thus performs a double service. The clerk has found out how to sell Mrs. Murphy because he has become acquainted with Mrs. Murphy's problems. He has studied and come to know selling in all its qualities and ramifications.

We are told that ninety per cent of the population of the country have to do without things that they ought to have, and could have, if they would only put the premium on hard thinking and study, instead of putting so much accent on the number of hours at work—the time-clock instead of the satisfaction. There is more than enough of everything wasted to satisfy every human being in this country. How are we going to get it? By starting the wasters to thinking right about conservation of time, thought, and energies, and then by constant independent study of the failures and successes of the world.

The great trouble with the carpenter is that he doesn't see the possibilities in the work he is doing; and the trouble with the farmer boy is that he doesn't see the pleasure and profit in actually mastering the methods of good farming. He has his mind on something beyond the farm. There isn't

anything beyond the farm. The great farmer, the man who is scientifically cultivating his one hundred and sixty, or his forty, or even his ten acres, is just as big a man as the man who fashions something in the factory, and is probably many times happier.

Looking Ahead

When we get the farmer boys to understand, to appreciate, and to get the vision of the great future in their own work, there will be fewer of them leaving the farm, and more of them making satisfying successes of their lives.

Of course the mere studying of soils, breeding, and better fat-producing feeding of cattle and hogs is not farming, for there are the no less important problems of farm community life with which the farm labor problem is concerned, to be solved.

This problem of opening the minds of the people to the truth is one of the problems of the hour. Just now we are beginning to vaguely realize that the scientists who have been working in laboratories for the purpose of deciding what kind of fertilizer was best for certain kinds of land; what kind of seed would grow best in certain territories; what kind of stock could best be raised from certain kinds of food; what kind of trees could best be raised from certain kinds of soil and under certain climatic conditions; have not "been wasting their time in chasing unprofitable theories," for we are now making applications of them in actual life that are leading and giving zest to an entirely new movement of Back to the Land—back to the farm. They have answered the question "What's the use?" by growing better fruit on our trees, more wheat on our acres, but beyond that they are giving our farmer boys a vision of contentment.

It is the chemical engineer in his laboratory who has been making manufacturers change their method of treating

steel; Parsons, with his turbine theories, and Tesla, with his friction disc motor, are keeping the navy departments and the owners of steamship lines awake at night. Uneasy lies the head of the man who can only do things. The educated man, with his wider vision and keener insight into possibilities, is constantly preparing for the new thing. He foresees tendencies and imagines the chicken while it is yet in the egg.

"Science," as Professor J. A. Thomson says in his illuminating "An Introduction to Science," "is justified for its own sake as a natural and necessary human activity. But while the greatest practical gains have come from the prosecution of 'pure science,' it may be agreed that Science should be socialized, for, after all, Science is for Life, not Life for Science. As Comte said, 'Knowledge is foresight, and foresight is power.' "

It is the socialization of science that is the remarkable evidence of the world's progress today.

The ignorant man is the man of let-well-enough-alone, the so-called "conservative" man, who is always the last to adopt a new thing and never the first to drop an old one. His is the type of the closed mind with which old communities have to wrestle; and to whom our old educational system has apparently surrendered.

CHAPTER XIV

SEEN ON THE WAY

And as he journeyed, he came near Damascus: and suddenly there shined round about him a light from Heaven.
—Acts IX, 3.

An Efficient Type

Study the Jew. He is an efficient type. For two thousand years he has been in bondage to tradition. He has been despoiled and hounded, but he has made every nation pay tribute to his business efficiency. A scientific study of his commercial methods would illuminate a world which scoffs and sneers while it pays, pays, pays. He knows the world as he finds it; and he sees what it wants and keeps that for sale.

The Jew has learned human nature in the hard school beyond the pale of the Ghetto. He has won, as the child wins, by knowing the master. The Jew, combining the oriental subtlety of his race with the simplicity of the child, gains his end by catering to the human in the masses. Only force has won against him, because he loves the game for its own sake. He is the shrewdest reader of men the world has ever seen.

A Jew fruit peddler was selling bananas from a cart at the curb the other day. A man stepped up to him—"How much a half dozen?" The peddler flipped six into a bag, handed them to the man saying, "'Leven cents." The man fished up the money, took the bag and went on. That was salesmanship. No argument—no chance for the man to hesitate and take three—the trade was a forced card. The peddler did the same thing to three women and two more

men in thirty minutes. "Not good for selling hats," you say. That is not the point, the law is there; *i. e.*, assume something; push the buyer over the line.

The Jew is the most open-minded of traders. He plays the game according to the rule, "Know your goods and your customer." He is not at all a missionary, he's a salesman.

The Work and the Workers

Labor has been against efficiency, because it apparently makes less work for the workers, and the union idea has been to make a lot of work for a lot of people.

Economic observers unite in protest against the attitude of England's select leaders, and some of her small shopmen and "statesmen" today; *i. e.*, "It is patriotic to employ as many people as we can, we do not want labor-saving machinery. We want work-making, position-making orders. We want to employ thousands at a small wage rather than hundreds at a larger."

Observers tell us that these half-paid and necessarily unskilled numbers turn out poor work; the cost of production cannot keep pace with the lowering prices of the scientifically determined efficiency of Germany, the machine production of America, or the efficient human saving-machines of France.

England has the wrong viewpoint; she is not thinking right, because she has made no scientific investigation of the methods by which she has been outclassed. The "half a loaf" which is better than none to her millions of workers is becoming a quarter and an eighth of a loaf. Her old age pension scheme is simply a recognition of industrial inefficiency. Her workers, as another has said, have no penny for the rainy day because all days are either cloudy, quite foggy, or very wet; there are no clear days.

Education in Efficiency

In taking care of the worker, thought must be taken of the proprietor whose prosperity is the worker's.

There is no good bargain that doesn't give both parties a bargain; both sides must gain, as Wanamaker has shown in his buying and selling of dry goods.

It is the lack of proper education that makes our people blind to the fact that we cannot place buyer and seller in competition; capital and labor at swords' points; employer and employe at odds; without creating a waste that might be largely overcome if both sides could have a proper understanding of the real issues—more open-mindedness to their vital, common necessities.

That we shall always have this condition to some extent, I trust the readers will fully understand, but I do not believe that it must continue in its present aggravated and inflamed condition. If both sides were better educated, had a broader knowledge of the real factors in the solution of the problem, it would help toward the realization of an attainable ideal. Even a partial solution of this problem of education opens up the mind to impressions, makes it hospitable to the thought and knowledge of the world. This closed or open-mindedness is an individual social, commercial, and national condition.

The Broader Business Education

The business world is not organized efficiently to teach efficiency—because it does not know how to study, or to teach how to study.

The business worker must therefore teach himself. There are so-called business schools and trade schools, which tend to make men believe in the success of knowing a little about one thing, because they teach only that one thing.

On the other hand there are signs of the spreading of

the awakening to educational work, largely through the instrumentality of broad-gauged thinkers who are investigating the efficient way in which other nations are doing their work, other firms are teaching their employes, other men are studying how efficiently to apply their powers.

The "Man from Missouri" is the main stumbling block in the way of progress of these new things. It is so easy to be "from Missouri" without having been burdened with brains on the journey. The trouble with the "Man from Missouri" is that he knows nothing, believes nothing, talks about nothing save that which he saw "in Missouri." If, true to its original purpose, "from Missouri" were a reflection of good-natured scepticism of the validity of mere opinions of the average man in the market, a genuine open-mindedness towards scientifically tested experience, it would be one thing, but too often it is the voicing of the ready cynicism of the ignoramus. The "Man from Missouri" is a valuable type, provided he has taken the journey to Damascus.

The general superintendent of one of the big railroads west of Pittsburg was asked what kind of employes were most difficult to get. He answered: "Track laborers. Americans, as a rule, will not work at laboring work, and the foreigner has to be taught. This takes time, which we cannot spare, and patience, which we do not possess."

The Responsibility of the Business Man

Isn't that an illuminating confession for a manager to make? They have "neither the time nor patience" to make competent employes! What is a superintendent for if it is not to have the time and patience to make competent workers? Our great institutions must teach, and they must teach men to be valuable to themselves as well as to the business.

The business man must take a greater interest in the

schools. Most of them must be brought closer to real life on the farm, in the office, factory, and in the fields of distribution.

Business men now lose many times the amount of time in teaching their help that it would take to develop a more efficient training system in the established schools.

Business men will have to go on school boards and, through the Boards of Commerce and similar organizations, insist on the practical as well as cultural value of teaching life as it is today.

Education for Real Life

Teachers, instead of spending their time verifying histories, photographing ruins in Europe, and holding conventions to discuss with each other purely academic practices, should be given time to work in offices of corporations, retail stores, railroads, factories, civic organizations and commercial associations and cultivate an open-mindedness towards the real, vital things—the living problems of the day—which could not but help to make for great efficiency; which would react in favor of a greater efficiency of their students.

They must socialize their education.

Emperor William once said to a crowd of German professors who were insisting upon the necessity of a classical education—"It is our duty to educate young men to become young Germans and not young Greeks or Romans. We must relinquish the basis that has been the rule for centuries, the old monastic education of the middle ages when lessons in a little Greek were most important. They are no longer our standard. We must make German the basis, and German composition must be made the center around which everything else revolves."

We have a few schools that have taken the place of those

classical schools, in their ability to do for real life what those classical schools did for the past. Our scientific schools do not pay the wages to their staffs that scientific men can get in business. Too few of our business colleges are operated by men who could command any decent wage in the organizations for which they are training men.

The man who has taken the journey to Damascus finds they are doing some things better in Germany than we are doing them here. In teaching factory employes and manual workers generally, it seems to the investigators that the German method makes the more efficient man. While the day when we really had an apprenticeship system seems to have gone beyond recall, there are now signs of its return in slightly different form, for the sake of the employe as well as the employer, and certainly, therefore, for the good of society.

Theory and Practice

We have found that our type of the technological school, the manual training school and the trade school does not take the place of shop practice, and there are signs that the unions and employers' associations will come to a common-sense agreement on this subject. The University of Cincinnati has developed the co-operative educational idea.* The students are taught how to think in the class room, are given a broad range of vision of the work they are studying, and then given actual contact with practice by being put to work on railroads, in foundries and machine shops, in the hospitals and the public schools, thus making the school and the shop, the college and business co-operate to produce a truly educated worker. The system of instruction under Dean Herman Schneider of the University of Cincinnati

* This plan is now used, wholly or in part, by schools and colleges in several other parts of the country.

College of Engineering, has been worked out completely. It is successful because its principle is right; *i. e.*, developing the thinking as well as the doing sides of the men.

This means that the Cincinnati business men are finding the value of education to employes, and the student the value of practice to the thinker. Ultimately the labor unions will have to meet this issue. They will have to protect their crafts by a system of trained apprenticeships and will have to raise standards of wages by raising mental powers and efficiency of the workers. Large wages alone never raised the standards of men, homes, or powers as was seen in the golden days of steel making in Pittsburgh when wages there were two or three times what they are today.

"Made in Germany"

Germany has a relatively efficient industrial system; it is based on education by apprenticeship, to give the worker skill and dexterity of hand. The German apprentice goes to school while he is learning to do things in the shop. He studies during the night and has a few hours of day study each week and as F. A. Halsey* recently reported, this work will soon have more daylight.

The German schools for those engaged in skilled manual work are institutions intended to train the minds to discover to the full what the gain in manual skill and dexterity can accomplish for the students. Then there are schools to help the worker to develop his vision and breadth of grasp after he has finished his apprenticeship.

By comparison we see the faulty processes of the American desire to do things. We boast about showing our boys how to do things; in reality we should devote the time to making him do things under the exact conditions he will have to do them in real life, and then, after he has done

* Editor, *The American Machinist*, New York.

them, teach him how to think about what he has done, that he may do the work better.

The German method is to teach a man the broad standard of life's practice, then teach him to observe everything so that he may apply ideas to what he does. This broadening process produces open-mindedness, makes him hospitable to the other man's ideas, even to the ideas of an entirely different craft.

In the east you'll see "Made in Germany" stamped on everything from tin mugs to one-handle plows. Why? Because the American says: "One-handle plows? What blasted idiocy; of course not! Why should we make 'em; nobody ought to use 'em." Of course the order goes to Germany. Down in Spanish America they don't like flat last shoes; they want the long, narrow pointed upturned toe. They get them from England and Germany. Why? Because, as Senator Lafayette Young told us, "our American wants to be a missionary instead of a salesman"; he is not educated to understand that under any condition can a one-handle plow or an upturned toe on a shoe be right.

German and American Educational Methods

To show the concrete difference in German and American educational methods, look at this curriculum of a school for training German basket workers:

German language and commercial papers	Freedom of industry
Grammar	Organization of chambers of commerce and industry
Reading	Industrial legislation
Correct writing	Communities
Industrial calculations	Social and economic arrangements
Industrial bookkeeping	Constitution of state and empire
History of industry and basket weaving	

Geometrical drawing	Workshop instruction, including knowledge of materials, tools and appliances
Elements and theory of projection	
Freehand drawing	
Technical drawing	Cultivation of osiers

That is the kind of course which produces, when joined to workshop skill, an education calculated to grow thinkers in basket weaving.

The trade school in Germany is for the purpose, as it should be, of increasing efficiency by making thinkers, reasoners, planners, of the workers. In America we do not want to be bothered with teaching our help anything; we want "the man who can carry the message to Garcia"; we want him to come to us full grown and expert, as our railroad superintendent did with his track laborers. The man who took the message to Garcia had been taught how to do that stunt in one of the best man-factories of our country, the West Point Military Academy. Of course that fact completely escapes our rule-of-thumb type of business man.

American Man-Culture

The American system of man-culture is like the method of the florist who destroys a dozen buds in order that one especially large blossom may result.

Unfortunately we do not get rid of the men thus eliminated from the big race. Such men compose the underworld, the failures, the inmates of asylums, the burns, the poor-house inmates, the near successes, the futile workers. Society pays the price of the delivery of the message to Garcia. Like the salesman's overcoat in the expense account, we may not see it, but it is there. Let us make no mistake about it.

In considering this question of the efficiency of our edu-

cational institutions, I recommend to the business man's attention the report of Morris L. Cooke on the Academic Efficiency of American Colleges and Universities, issued by the Sage Foundation.

Mr. Cooke makes two appealing suggestions :

First—To divorce the teaching and examining faculties, because it is axiomatic that the value of work should be passed upon by someone who did not do the work.

Second—That we stop the inbreeding policy of American universities ; *i. e.*, the tendency to hire their own graduates to teach ; this produces a fixation of ideas and is against that open-mindedness that should be the very essence of education.

I recommend also, that the business man read carefully the Wisconsin law which has produced so excellent a result in that annoyingly progressive commonwealth.

The Corporation School

Within the past four years there has been a very notable tendency for great merchants to establish schools of their own, because they realize that men must know before they can do.

In 1913 a number of corporations organized a national association for the development of corporation schools.*

Such progressive corporations as the National Cash Register Company with selling and apprenticeship schools ; Curtis Publishing Company, National Cloak & Suit Company, with office work schools ; General Electric Company, with engineering schools ; New York Edison Company, with 1,000 out of its 6,000 employes in company schools ; and schools of different kinds in nearly two hundred other corporations, show what seems to be a realization of the com-

* National Association of Corporation Schools.

mercial leaders that education must be given the worker at any cost of time, skill and money.

The corporation school does not inculcate purely cultural ideals, to use the phrase of the schoolmen, but it aims to select material that shall be useful in the particular business, and then to show such men and women, boys and girls, how to work in that business with greatest benefit to themselves and the business.

The Wanamaker School

Realizing that men will not of their own volition take the journey to Damascus, John Wanamaker on March 12, 1896, established what has become "The American University of Trade and Applied Commerce," "to enable the students while earning their livelihood, to obtain by text books, lectures, and by schools of daily opportunity, such practical and technical education in the art and sciences of commerce and trade that they may be later equipped to fill honorable positions in life and thereby increase personal earning power."

This was the first store university in the world. More than 7,500 students have been graduated. The course of study embraces :

Hygiene	Auditing
Physiology	Investments
Ethics	Finance
Logic	Banking
Art	Commercial Geography
Music	Commercial Law and Practice
Craftsmanship	
Accounting	

and the seventy or eighty merchandising manuals, covering all the departments of the Wanamaker store. In addition there are courses in :

Dressmaking	Art Embroidery
Dress-cutting	Watch and Clock repairing
Shirt-cutting	Engraving
Shirt-making	Upholstering
Millinery	Carpet-making and laying

and more of these special and technical trades courses will be added.

Here is the practical doing, linked to the equally important practical thinking, well demonstrated in actual practice by one of the greatest practical thinkers on this continent. Yet what gain there is for Wanamaker efficiency under such a store school method! The fundamental difference in attitude between Wanamaker and the railroad superintendent must be apparent.

It should be well worth while for the young man with nothing but brains, anxious to make a right start, to make it in such a school as this one of Wanamaker's, there to get light on the problem of how and what to know.

As Dean Johnson of the School of Commerce, Accounts and Finance of the University of New York said: "Universities of this country know what is going on in Wanamaker's. Just as they make studies of plant life or of the stars, so are our universities devoting scientific attention to what is going on in Wanamaker stores."

Improvement Clubs and Special Schools

The small stores of our cities should support the local Y. M. C. A. Courses and place a premium on those clerks who follow the courses in commercial practice and attend the lectures on salesmanship and advertising. It should be a part of the work of the store to support these courses; a part of the employe's duty to give up a night a week to them. Some of the more enlightened corporations are pay-

ing all of the fees, others a part, on the satisfactory completion of courses.

More business houses should encourage their employes to conduct improvement clubs and help them to arrange courses of winter lectures on subjects of benefit to their work. Some have tried and failed. They have either been run on the cheap plan of getting free talks from business men who didn't know and showed it, or who knew and couldn't tell it. Others have had too much preaching; and others ran to seed because they wanted to think with their feet rather than their heads, and dancing and "good times" took the place of all serious things.

In every organization there is a fair percentage of employes who want to improve. Some encouragement must be given such while in your employ. The Wanamaker system, modeled on the German method seems to be the right one. Its principle is applicable to a ten or a ten-thousand employe business.

A western railroad conducts a correspondence school for the benefit of its workers. The salesmanship school of the National Cash Register Company is famous the world over, and is a regular feature of that company's work in America, Europe, Japan, Australia, Great Britain—wherever the company has an organization. In these schools the company officials not only talk business and selling, but they go further and talk of the business of life. This education is not merely to teach the men to know more about the product, but to widen their life vision, that they may see more places where the product may be sold.

CHAPTER XV

THOSE WHO LEAD

In this new era Knowledge is to be enshrined in the place formerly occupied by mere Experience.

Why They Are Leaders

It wasn't because the clothing manufacturers of Milwaukee knew anything more about clothes that they began to advertise their brand of clothes in farm papers, but because they learned that farmers and farmer boys would buy good clothes, and they learned that farm papers reached more farmers than did any other class of mediums. Other clothing concerns had been told this, but they couldn't see it, because they didn't know who wore good clothes, because "it had never been done before."

It took a couple of Chicago boys who knew farmers—who, by the way, are but little known by some of those who sit in cities and fix sales policies—to teach the phonograph people that phonographs could be sold by mail to farmers. The Babson boys took some space in the farm papers and sold phonographs by mail, a thing that might have been done long ago, as any careful investigation of the phonograph sales in small towns might have shown. The Babson boys saw that chance because they knew something the other fellow didn't.

James J. Hill has always been studying his country, his people, and their problems. He spent thirty-eight years at it, and he made a railroad man of himself. He did some thinking. We are told that in the silences and vastness of the great northwestern country, over which he traveled

until he knew it almost as a man knows his own backyard, Hill had been thinking about what he saw. He saw the great lumber opportunities, the mineral opportunities in Minnesota and northern Michigan, the fur trading in the Hudson Bay Country, the great wheat fields of the Dakotas and the northern country of Montana, the great cattle ranches. He visioned this continent when it would be filled with a busy people.

He wanted the St. Paul & Pacific Railroad. It was owned by Dutch bondholders, who had been receiving nothing from it. A party of them came over here to find out why. They were hard-headed, practical men. The Dutchmen were taken over that wind-swept prairie, shown the bleak and sinister desert, the stump-dotted landscape, with a borrowed engine pulling a run-down-at-the-heel car. The Dutchmen, the hard-headed gentlemen who had never been educated in the school of pioneering, couldn't "see" cities and traffics where there was nothing but buffalo grass and rusty rails, and sold their bonds at forty cents on the dollar. Hill was in on that deal.

We are told that Hill has sent hundreds of young boys to agricultural colleges for six months or a year, because he very properly says that the only thing you want to tell a boy is to show him how to think—how to think consecutively, how to plan for himself, and how to help others work out their plans. Then if he has anything in him, he'll get a plan and he'll work it out. If the plan is worth anything and he's worth anything, he'll make money at the proposition. One day Hill heard about Armour getting costs down to the pig squeal basis. He saw the point. It was necessary for a railroad man to think in pennies, so he thought in pennies on the question of transportation. He realized that the important thing was to find out how much it took to carry one ton one mile. We are told that he got the cost

down to 791-1,000 of a cent; then he got it down to 749-1,000 of a cent. There it stuck for a while, and now it's lower than that.

The Originality of Adaptation

Education opens the mind to the fact that originality is out of the question. Adaptation is the original work of the producer. Everything starts with the other fellow; just be sure to start where he leaves off, that's the main thing. Originality is the obsession of small minds. Abraham Lincoln has the credit of the famous phrase, "That this nation, under God, shall have a new birth of freedom, that government of the people, by the people, for the people, shall not perish from the earth." Yet twenty-three years before Lincoln spoke it, Theodore Parker said, "There is what I call the American idea; that is a government of all the people, by all the people, for all the people." And thirty-three years before Parker, Daniel Webster had said, "The People's Government made for the people, made by the people, and answerable to the people." Yet Lincoln took the thought and made it his own by the very force of the manner in which he phrased it so as to suit the environment in which it was delivered.

Taking Down the Blinds

Take a simple thing like listening to a lecture. Hardly one man in a thousand knows how to make notes so as to get an intelligible idea of the lecturer's main points. Any man who has lectured before the average American audience is familiar with the type of reporter who tries "to get everything." They do not attempt to select, to get ideas, but they are after epigrams, turns of expression, similes; they are collectors of phrases, not absorbers of thoughts. Listen for thoughts, not words—for ideas, not phrases—is

the advice of such great thinkers as Lincoln. Talking before sales audiences and gatherings of business you will find all men are much the same. Most of those who attend conventions and listen to even the best speakers with a message, never take home anything but a headache.

Be sure you have different things to think about. Don't specialize so much on one thing that you forget all of the different things in life except the one thing in which you are interested. Take occasional forays into the side country; there you will find provoking folks and interesting books; you will gain new and strangely illuminating experiences. Always progress in your journey toward the object, the end you have set for your journey, but don't forget the country through which you are passing—don't lose the present entirely for the sake of the future.

Education That Strengthens

Mr. W. D. Moody, former sales manager for Gage Brothers & Co., of Chicago, once said, "The salesman who is not genuinely in earnest will hate the slow and tedious process of learning how to handle the complicated situation, the going into all the details with the customer who doesn't seem willing to listen and to consider properly. But there lies the strengthening experience. Educate your salesmen to know what selling really is and the growth which leads to mastery."

The sales manager of the Western Electric Company said the other day: "The preparation of a salesman consists of an analysis of all the different types of customers, and of framing up the arguments that are best suited to convince each before starting out on a trip. Going over the sales list, if you please, and finding out just exactly what people he is going to visit, and sizing up exactly what will best suit each of them."

The Basis of Successful Work

Frederick Harrison once said:

"Men's business here is to know for the sake of living, not for the sake of knowing."

That point of view constantly maintained will lead to new powers and lines of possibility. Every man who studies efficiently understands that:

- 1—Every good thing begins with a plan.
- 2—He must get facts that support his plan.
- 3—He must organize these facts into true relationships.
- 4—He must judge of their real value.
- 5—He must memorize them, because he must know them.
- 6—He must use them.
- 7—He must always be open even to daily revisions of his conclusions, because each day he will be receiving new data.
- 8—He must decide for himself what value the result has for him in the work he has to do.

Getting the Viewpoint

The advertising manager for a manufacturer of a famous candy gave an inside view of how some of the cleverest advertising managers get at the best way of attacking the viewpoint of the reader:

"I found out, after some careful reading, that Scott and Dickens were authors of reputation who knew best how to describe a meal or a food. Take, for instance, Scott's Ivanhoe, in which the Black Knight invites himself, unbidden by his host, to take supper with the friar. It is full of good descriptive suggestions, and of a viewpoint. Dickens, besides descriptions of eating and drinking, in the Pickwick Papers, has the remarkable meal at the Inn, participated in by little David Copperfield and the waiter. The analysis of these incidents gave some of the words and methods that seemed to be most successful in creating an appetizing atmosphere

about a food product; there are no big adjectives, no long descriptions, nor attempts to make a man's mouth water, but there is that linking up of memory with toothsome dainties and appetizing things that make the appeal to the senses effective."

This showed scientific open-mindedness to what can be found among the masters of style in the literature for our use even in the marketplace. Only an educated man would get at a problem in that manner.

The Open Mind

Suppose a man would close his mind to everything but what he saw yesterday and today, and would choose never again to see anything new. He would in twenty-four hours be no better than yonder wooden doll operated by clockwork, which my three-year-old boy has discarded for a live puppy.

Keep your mind open towards the future.

A writer told this story of Connery, the old managing editor of the *New York Herald*:

"It was thirty-two years ago on the 21st of last December that Connery, then managing editor of the *New York Herald*, rushed into the office three hours earlier in the day than was his practice, and sought Albert E. Orr, the city editor. Connery carried a copy of the *Herald* of that morning, which he spread out on Orr's desk, and, pointing to a page article describing the discovery of the incandescent electric lighting system by Thomas A. Edison, he inquired, almost tearfully: 'How did that stuff get into the paper, Mr. Orr? Lights strung on wires, indeed! You've made a laughing stock of the *Herald*. Oh, what will Mr. Bennett say?'

"'He'll probably say that it is the biggest newspaper beat in a long time,' responded the city editor.

"'But don't you know that it has been absolutely demonstrated that that kind of a light is against the laws of nature?' demanded Connery pathetically. 'Who wrote the article?'

"'Marshall Fox,' replied Orr.

"How could he have allowed himself and the paper to be so imposed upon!" cried Connery. "Where is he? Send for him. We must do something to save ourselves from ridicule. No, don't try to explain anything. Just find Fox, and send him to me," and the managing editor retired to his own room to read the unbelievable article over again and reflect upon the illimitability of human credulity and the prospective anger of the proprietor of the *Herald* when he saw the most recent manifestation of it in the columns of his newspaper."

The article in the *Herald* of December 21, 1879, said that Edison had succeeded in subdividing the electric current and had invented a light better than gas, that could be produced as cheaply; the article showed that this was one of the greatest scientific achievements of the age, and that the discovery had commercial possibilities that made the phrase about "wealth beyond the dreams of avarice" sound frivolous.

I don't know what happened to Fox, but Connery was not using the newspaper's usual philosophy, seeing's believing, no matter what the result.

These pages might be filled to overflowing with such instances even if this book were a hundred times its size. The world progresses by tardily following the few who look ahead, peering into the future, with minds open always to the truth.

"Stop, Look, and Listen"

Every man feels the pull of two forces in his daily life—one, founded in the beliefs of others who think they have the secret, who tell him to follow the crowd and leave "the big problems to theorists who don't know anything about how to be successful." The other force says: "'Stop, look, and listen,' and be sure it is the rising, not the setting sun, for the time is short and the journey long."

The clerk who follows the methods of the crowd, pulls

the time-clock, asks for an increase once a year, damns the methods of his superior, gets as much fun out of life as he can, loves, begets children, and finally dies a part of the great crowd he served, with his mind starved into meek submission by a philosophy founded upon Chance and special Providence.

The man who looks into tomorrow must not expect the plaudits of the crowd. The crowd has no time for the man who thinks differently. He must not be afraid to be alone, for those who make the journey to Damascus travel alone.



PART V

Loyalty to the Vision of Things Well Done

THE FORELOPER

(The hitherto lost poem)

*The gull shall whistle in his wake, the blind wave break in fire,
He shall fulfill God's utmost will unknowing His desire;
And he shall see old planets pass and alien stars arise,
And give the gale his reckless sail in shadow of new skies.
Strong lust of gear shall drive him out and hunger arm his hand
To wring his food from a desert nude, his foothold from the sand.
His neighbors' smoke shall vex his eyes, their voices break his rest,
He shall go forth till South is North, sullen and dispossessed;
And he shall desire loneliness, and his desire shall bring
Hard on his heels a thousand wheels, a people, and a king;
And he shall come back in his own track, and by his scarce cool camp;
There he shall meet the roaring street, the derrick, and the stamp;
For he must blaze a nation's ways with hatchet and with brand
Till on his last won wilderness an Empire's bulwarks stand.*

—RUDYARD KIPLING.

CHAPTER XVI

THE RELIGION OF LOYALTY

A man is loyal when, first, he has some cause to which he is loyal; when, second, he willingly and thoroughly devotes himself to this cause; and when, thirdly, he expresses his devotion in some sustained and practical way, by acting steadily in the service of his cause.—JOSIAH ROYCE.

A Message from the Orient

When I recall those who have contributed most to the gospel of efficiency in thinking, living, and producing, among the few the short, stout, active figure of one man insistently appears before my mind's eye. It is that of Japan's greatest business man, Baron Shibusawa. When he came to Detroit in October, 1909, at the head of the Honorary Commercial Commissioners and Trade Experts from Japan, it was my good fortune to gain a few words with him while he was visiting our home plant.

He couldn't understand my English nor I his Japanese, but through an interpreter he gave me a theme for thought I shall not soon exhaust. I asked him what he considered the strongest, most characteristic national trait of his countrymen. Succinctly put his answer was: "Loyalty to the wisdom of the Dead." Afterwards he sent me some original maxims for publication in the monthly paper we printed for our 2500 employes. It is well to understand that Japanese business men are students as well as money makers, and the Baron is a student of the Chinese classics and an authority on Con-

fucius. Among these maxims of the Baron's was one which illuminated his remark to me: "Bear in mind patriotism and *loyalty*; and you must not neglect to serve the people."

The Spirit of the New Japan

Anyone studying the characteristic methods of the Japanese, must be struck with their quiet, calm, unswerving concentration of purpose; that persistent loyalty to a carefully considered plan of action; the unrelenting constancy with which the plan and purpose of their national program progresses, and which, in spite of all handicaps of circumstances and against all opposition, has carried them to success along that tragic trail which leads through Manchuria to the domination of Korea.

A writer in describing the scene attending the declaration of war on Russia,* vividly paints this characteristic concentration in a historic scene:

"'On the sixth night of the second moon of the thirty-seventh year of Meiji,' is the way the Japanese start to describe the beginning of the Russo-Japanese War. On that night of 1904 the battleship *Mikasa* lay silent in the harbor of Sasebo, on the western shore of Japan. Summoning before him all his officers, Admiral Heihachiro Togo, the commander, announced: 'We sail tonight. Our enemy flies the Russian flag.' The rest of the address found no expression in words. The Admiral fixed his eyes on a short dagger which lay on the purple cloth before him. A signal was given to the officers to file past. Togo uttered not a word. He looked at the dagger, then he looked at each man as he passed, and every officer understood the message—that, should the first attack on the Russian squadron at Port Arthur fail, no Japanese officer should survive the disgrace. Thus opened the first scene of the Russo-Japanese War."

* *The Outlook*, New York.

Japanese Loyalty Plus Efficiency

The average Western mind does not grasp the philosophy and scheme of thought of the Japanese. Times change as does thought. It is only the narrow, provincial, and ill-tutored who believe that any age has written "finis" to progress, that any creed has grasped God, that any philosophy can reflect all of life.

The pathos of the belief in the finality of any dogma is written all over human history.

The Austrian general who fought against Napoleon in the immortal first campaign in Italy, complained: "This fellow is not a soldier. He doesn't understand a single rule of the classic art of war; his strategy is really abominable!" Napoleon evolved new theories of war, which, in turn, save that of the irresistible initiative, were overthrown by von Moltke in another epochal campaign. So the Russians complained of the conduct of that campaign which ended in the fall of Port Arthur.

The Japanese played the game according to the great laws of efficiency, new applications of which they learned of Germany as to their army, and of England as to their navy. Animating it all was the striking individual and collective loyalty to the great, vital, national need, the future expansion of their race, and to the belief that the East is to remain the property of the yellow brother. They prayed to their gods, but they kept their eyes open, their minds receptive to Western knowledge, their bayonets sharp and their powder dry.

This animating spirit of a new Japan, comes from the old precepts, the Bushido (boo-shé-do) of the Samurai, the religion of loyalty, translated into a patriotism that the better part of Japan has long accepted as its religion. The Japanese take a long view of life, for the motive has always been for the nation and not for the individual. It

is the creed of the artist, rather than the artisan; it is the pursuit of ideas, not routine; it is applying world-intelligence, not a personal rule-of-thumb, to one's own work. The American is too apt to say that such a code is anti-individualistic, that "it reduces man to a machine," that it "stifles initiative." On the contrary, the code raises co-operation to the level where we place competition. It makes a man master of the machine. He is its slave today because he cannot use the machine at top efficiency.

Adaptation as an Efficiency Factor

Accurate observers among world travellers and cosmopolitan business men tell us that men are much the same the world over.

Foreigners, coming here to trade, easily adopt our customs, apply our methods, and are successful; we go abroad and gain trade as we adapt ourselves to their methods. Our real difficulty in doing business in foreign fields is our failure to approach them with the same desire to do business, the same keen appreciation of the problems, the same humble acknowledgment of the customer's power, that we adopt towards the customer at home. We are too cocksure of our superior methods. We admit we must study Texas as different from Quebec, New Orleans as different from Seattle. But London different from New York, or Detroit different from Leicester? Why, of course not!

We do not study markets. "We send the boys to get the business," says the doer type. We find fault with the market or the buyer, a thing we wouldn't permit a salesman to do here. We have not learned to "cater."

So we fail in competition with the German in such cases. The German studied four years at a university

and specialized in foreign markets, especially the one he was entering. He spent at least a year in the home office studying the product, then went to his territory and worked on the ground getting acclimated and securing a verification and perspective. Our representative was probably snatched from South Bend, took a course in Spanish (for "all people speak Spanish in South America") from a correspondence school, was given a price list on the line, a letter of credit, and a bundle of tourists' folders and told to go "get the business," where no advertising had ever been done, and where the house and goods were as unknown as the name of Tilly's aunt's sister's cousin-in-law.

But that is the way many houses have done business at home. They fail abroad in the face of scientific methods, as they have failed at home in the face of keener competition.

The World Spirit

A man is a man the world over. Efficiency is efficiency the world over. It is a great illumination when we find that the rest of the world is peopled by beings just like ourselves. Some people never find it out. Slavs and "Dagos" and Finns are really not human beings to some people; they are a kind of article imported in liberal quantities from other countries for the purpose of doing the common forms of labor.

But, class for class, men are much the same as we are the world over, with only a different accent on different things. Strong, thinking, efficient men are the same the world over. And the weak, sensual, foolish, thoughtless, sentimental — they are the same everywhere.

There is a world spirit, the human nature of mankind

which dominates the world. It is discovering itself in this era of wireless telegraphy, international press dispatches, and interlacing ocean highways.

In Japan it is Bushido, in Turkey, Mohammedanism, in Europe and America, Christianity—in all it is what Mathew Arnold called, “Morality touched by emotion,” and somewhat dependent upon geographical economics.

Bushido

Bushido has made Japan what it is. It is the simple reflection of the finest and best, sprung from the psychology of a people, growing out of their lives, formulated by their Thinkers, visioned by their Seers, and in the hands of the Samurai becoming the master influence of the life of the people.

Bushido is an attitude of mind. It was founded on the simple truth, “As a man thinks, so he is.”

It means military-knight-ways, the ways the master or knight class should observe in their daily duties of life as well as vocation.*

The Samurai said that knowledge for the mere purpose of knowing was pedantic, and a scholar was often nothing but “a book-smelling rat.”

The Samurai wanted the learning that was of use, that had become a guide to noble conduct, that had made high character; but for mere learning there was no use. Moral worth was esteemed more highly than brains.

Learning may not act, but action makes knowledge of learning us. Wan Yang Ming, the Chinese philosopher says over and over again—“To know and to act are one and the same thing.” Bushido was a system of thought, not put down in writings arranged in books or tablets,

* “Bushido,” by Inazo Nitobe, A.M., Ph.D. of Imperial University of Tokyo.

but handed from father to son, from knight to warrior, as the sacred fire kept alive throughout the centuries by the imperishable memory of fine and noble acts and great deeds.

The Principles of Bushido

It was founded on some simple precepts, which have been reduced to definite terms by Dr. Inazo Nitobe in his book on Bushido, from which I quote to illustrate the principles on which the Japanese national efficiency is founded.

Dr. Nitobe says: "Few and simple as these (the principles of Bushido) were, they were sufficient to furnish a safe conduct of life even through the unsafest days of the most unsettled period of our nation's history."

1—*Rectitude or Justice.* Which a *Bushi* once defined—"Rectitude is the power of deciding upon a certain course of conduct in accordance with reason, without wavering; to die when it is right to die; to strike when to strike is right."

So we get the principle of unwavering devotion to the vision of things well done. Do we not pay tribute to the man who shows fealty to his vision? to Field and his submarine cable? to Grant and his ceaseless pounding? to the scientist Ehrlich and his six hundred and six experiments? to all those men who live in the purple of a high purpose?

2—*Courage—The Spirit of Daring and Bearing.* This principle was "Doing what is right." It was not, however, as is thought sometimes, foolhardy courage as in battle. It is sometimes the harder part to live. In Bushido there is the "Great Valor" and the "Valor of a Villain." So our great captains have fought the fight

in the market place, and stripped themselves to the last penny for their honor's sake. They have then, in calm serenity, returned to the fight to gain a new victory, or another failure—but their courage never faltered. We have always honored the man of moral courage more than him of mere physical temerity.

3—*Benevolence—The Sympathy with Distress.* The highest quality of the ruler was benevolence. Love, magnanimity, affection, sympathy, pity—these were the supreme virtues, worthy of a King.

We see it in the great captains of industry, appearing after a century of eclipse. Men are coming into life; they are to be recognized as men; in their lives recognized; in their rights appreciated. It is not charity, but brotherhood. Mencius said of kings what may be said of our industrial emperors: "It is impossible that anyone should become ruler of the people to whom they have not yielded the subjection of their hearts."

Again in the "Chinese Book of Poetry"—"Until the house of Yin lost the hearts of the people, they could appear before Heaven."

Men of great power must learn that simple philosophy and walk in its light, else they must be prepared to walk in darkness and alone.

Burke said in his "French Revolution": "a paternal government is one where the people obey with that proud submission, that dignified obedience, that subordination of heart which kept alive, even in servitude itself, the spirit of exalted freedom."

Benevolence was not free giving, but just and right giving. It made it possible to help many who were deserving with what but a few could enjoy if benevolence were permitted to become weakness.

4—*Politeness—The Distinguishing Virtue of the Japanese.* “It should be the outward manifestation of the sympathetic regard for others.” There is an efficiency principle in politeness which may serve to show how we unconsciously attempt to become efficient.

“If there is anything to do,” says Nitobe, “there is certainly a best way, both the most economical and the most graceful.”

Spencer defines grace as “the most economical manner of motion.” Professor Nitobe speaks of the Japanese tea ceremony as a proof of the economy of fare and service.

The elaborate rules of etiquette were to the national character the perfected way of doing things, in which character and individuality were shown by the perfection of observance of the law rather than in the crudity of its non-observance. This pride in the capacity to idealize both the spirit and the letter of the law, is another of the principles of efficiency.

Nitobe says: “It means, in other words, that by constant exercise in correct manners, one brings all the parts and faculties of the body into perfect order and into such harmony with itself and its environment as to express the mastery of spirit over flesh.”

Bushido makes politeness essentially a spiritual grace bodied forth in action. It is efficient because it produces its effect at the least possible cost.

5—*Veracity and Sincerity.* Bushido inculcated the highest standard of veracity and made politeness which “was carried beyond right bounds a lie.” The Chinese ideo-gram for Sincerity is in “The Perfect Word.” The Samurai gave no written guarantee of his promise. His word was sufficient.

Many believe that the Japanese are deceitful, that their commercial integrity is lower, for instance, than that of the Chinese. Suppose, pledged by our social standards, our business were placed in the hands of the lowest stratum of our people. What would happen to our commercial morals? The merchant class, under Bushido, was the lowest in the social scale. The order of social precedence was: knight, tiller of the soil, mechanic, merchant.

The Samurai could not go into trade; he was an aristocrat; he could own a farm, and accept income from it, but he could not have an income from trade.

It is different with us. Ours is an aristocracy of trade.

In Europe, trade is beneath the truly noble.

The Samurai were of these truly noble.

There is a deeper reason than at first appears, for this condition, in the Japanese system.

Nitobe calls our attention to the fact that the decadence of Rome began when the powerful nobles were permitted to engage in trade, because it meant that wealth, brains and power were monopolized by a single class.

The merchants, under Bushido, had no place in decent society, hence they became what they were thought to be. The tradesmen naturally banded together to dispoil the other classes. But there will come a change in this, as already appears in Japanese business.

Lecky says, "Veracity has owed its growth to commerce and manufacture." Germany at one time was considered the most unscrupulous imitator and competitor among nations. It didn't pay. Japan will learn the same lesson. Bushido considered lying an evidence of weakness, therefore beneath the Samurai, but seemed to think it quite

natural that the merchant should be a liar, deceitful and dishonorable.

6—*Honor, the Most Sacred of the Virtues of Bushido.* It was bound up in an ever present, punctilious sense of personal worth, dignity, and privilege. It was the great incentive to the deeds of valor and abnegation which distinguished the Samurai. It was a living thing to the Samurai because it was himself. Like the Spartan boy who went out to war enjoined to return with his shield or upon it, so the Japanese boy swore to gain fame and honor and to "return home caparisoned in brocade." But this fame had to be gained through the display of all the knightly virtues. Of course many fought hard and noble fights for a meander and a lesser glory.

7—*The Duty of Loyalty.* Here lies our present interest. For the Samurai, there was loyalty to the sovereign and to the departed, but this loyalty was to be reciprocated by the sovereign. The Samurai would give up to the sovereign all but one thing—honor; that he would not give, and "the capricious will or freak or fancy of a sovereign were accorded a low place in the estimate of the precepts."

Loyalty, therefore, called for steadfastness in the pursuit of that which had been found to be good and right, measured by the precepts, and it permitted nothing to stand in the way of accomplishment.

8—*Education and Training.* These were required to make the Samurai effective. It was necessary to carry out the ideas and precepts of the Knightly Code. Bushido said that nothing happened, that the soul, heart, head, and body had to be trained. Bushido paid attention to all, but placed the greatest accent on the moral and intellectual work of making life effective. Bushido placed the accent on services that could not be measured by dollars

and cents; it revolted against the standard of the market place. It did not consider money values as true values. Money was accursed, it was unclean, it was contemptible. The services of such teachers of the mind, heart, and body could not be measured, hence they were honored above the other classes of society.

'9—*Self-Control*. The Samurai had to be polite under all circumstances, under circumstances even calling for the greatest fortitude. One must never obtrude one's personal sorrows even on a friend. Self-control thus became a vital requirement.

Self-control gave the power by which to obey the precepts of Bushido. This discipline of the body, mind and soul by what is best—this loyalty to the vision of things well done—this concentration, which amounted to consecration, of one's whole power of mind, body and soul to one end, was rooted in a fanatical self-control.

10—*Suicide and Redress*. One must understand the Bushido philosophy of suicide. Suicide, when one believes it to be the most glorious gateway to the best thing, ceases to be a horrible profanation of the self. Here again appears the power of thought. Bushido held that *hara-kiri* is necessary when all that made life worth living, had been lost. Mere bad fortune was not enough, however, for Bushido taught it was the part of the Samurai to bear and live. Bushido called for the redressing of wrongs done to one's superiors and benefactors, but wrongs done to oneself and his wife and children were to be forgiven.

This was the spirit of Bushido, of the Samurai, who never failed to act as they were, the aristocrats of Japan. They impressed their code on the lower strata of their society; they made a nation true to their spirit; and they placed their country in the forefront of the family of

nations by its simple, direct philosophy of loyalty to the best thing to be done, to the vision, to the high purpose from which no philosophy of fat luxury or idle minds could wean to incompetence. To such a people, efficiency is indeed a gospel and a religion.

Without for a moment suggesting that we should exchange our American for their Oriental viewpoint, yet, with our minds open to the world's lessons, we must admit that there is something wonderfully efficient in the Japanese singleness of purpose, and in their capacity to co-operate for the common good.

As Baron Shibusawa said :

"You must put your whole body's spirit into doing a thing and must not make light of even the smallest affair."

Could Mr. Harrington Emerson, or Ralph Waldo of "Character" and "Compensation," for that matter, have put it better?

The Mystery of Mankind

Herein is the visioning of a simple fact, that the wonderful things of life do not exist in Africa, or in the stars, or in the deeps of land or sea, but in our minds, in our daily work—in you, my friend, who are more wonderful to me than the mystery of radium. Shall we not, if we gain the vision of that one fact, have gained more for ourselves and posterity than if we solve the problem of the transmutation of metals?

Business men, scientists, and philosophers, have said that a plan and persistency in its development are the greatest of the attributes of success. If, as Carlyle says, "taking infinite pains is the common quality of genius," then taking pains is but one way "to fight it out on this line, if it takes all summer."

Whether we consider the homely philosophy of Josh Billings, who illustrated the power of stick-to-it-iveness by the postage stamp which he said stuck to a letter until it got there, or the great men from Alexander to Napoleon, or the tragic story of the Christ who died on Golgotha; we must be confirmed in our belief that concentration on a purpose is the very motor of success.

It may be called concentration, unity of purpose, singleness of idea, persistency, yet, after all is said and done, for our purpose it is best summed up in the phrase, "Loyalty to the Vision of Things Well Done." Thus we come back to the Japanese religion of loyalty to which Lafcadio Hearne devotes a whole chapter of luminous appreciation in his "Japan." Every man should read that chapter, especially at this day when so many are breaking away from old faiths before finding new ones.

The religion of loyalty in Japan found its final and modern expression in the almost fanatical desire to suffer and even to die for the nation, which has taken the place of the Lord of the Clan of the feudal days.

Changed by direction into new and larger affairs, this desire in their army and navy, became, from Admiral Togo giving thanks to the Spirits of the Departed for his victories, to the newest recruit gasping out his life on the hills about Port Arthur, the religion of loyalty to the supremacy of Dai Nippon.

For forty years this loyalty has been the power that remade old Japan into a new and powerful and aggressive nation. The modern world knows the result, those who have gone deepest know the well-spring from which the spirit flowed.

Whether or not Japan has learned all the other great laws of efficiency remains yet to be demonstrated, but that she has learned many of them surprisingly well is undenied.

CHAPTER XVII

LOYALTY TO PLAN AND PURPOSE

*Our doubts are traitors
And make us lose the good we oft might win
By fearing to attempt.—SHAKESPEARE.*

There is no greater coward then I, when I am drawing up a plan of campaign. I imagine every danger, every disadvantage that can be conceived. My nervousness is painful; not but what I show a cool face to those who are about me. I am like a woman who is close to childbirth. Once my decision is made, however, I forget all, except what may carry it through to success.—NAPOLEON.

The Ultimate Objective

In an individual sense let us turn to our ideal, our life-plan, our ambition, be that what it may, that we may fix on what our ultimate objective is to get it clearly fixed in our minds. In this scientific era we have discovered that we can cultivate tendencies, that we can give direction to desire; that we may hinder weeds and encourage fruitful plants in our Garden of Life.

The Motor Power of Success

But even after we have determined what kind of attainable success will bring most satisfaction to us, after we have defined the rules of the game that shall govern its pursuit, and have elaborated this information into the most complete plan of living, it is possible that a lack of loyalty to the spirit as well as to the letter of our plan and purpose will increase the cost of any success we may attain, even if it does not render success impossible.

Loyalty to plan and purpose becomes one of the great vital principles of efficient living and doing. Viewed as the motor impulse, the power to drive, loyalty is lifted out of the realm of sentiment. It becomes more than the mere lip service of enthusiasm, for the completely loyal man works with all the resources of his whole soul, body, mind, heart, and will for the achievement of the vision which has been given him. It is for him, the poet said:

"Let a man contend to the uttermost
For his life's set prize,
Be it what it will."

The history of individuals and peoples, and the observation of current success in the market-place inevitably show us that the worst failures are among those who set up ideals, not of what they should do, but only of what they think is expedient to do today. These servers of the hour forget that the law works slowly, but it works always. They forget the necessity for a visioning of the long life purpose.

The True Policy

Let us stay in the market-place. Consider the "store policy" so often heard of but as rarely realized. A store policy is often tacked on to a business merely as an interesting literary interpretation of what the proprietor thinks the public would like to hear or as a selling feature, or, worse, as an advertising talking-point.

That attitude towards a policy and the policy that is part of such an attitude, is at once futile and hypocritical.

The true policy may not be formulated (although it should be) but the public will formulate the policy, for it is revealed in the actual life of the business, and the principles which make for the moulding of its good or evil

service to the community, will appear. They can't be hidden, although they may be misread or misinterpreted. The public is becoming more concerned with policies, because policies are the measure of the usefulness of the concern, the party, the creed, the art, and the man which they govern, and his usefulness measures his right to exist.

Shall we not be better satisfied with the traders in honest goods, the practitioners of the best principles, rather than with the fakers and grafters of the business world? What, after all, is loyalty, but the persistent, ever-present desire to do the right thing in the right way at all times?

What Constitutes Loyalty

Loyalty to things worth while is made up of three parts:

First—A definite thing worth while to be accomplished.

Second—An abiding assurance that our utmost satisfaction lies in the accomplishment of this definite thing.

Third—A persistent effort for its accomplishment.

The first is the cold business proposition of applying the worth-while standard to the future of any man, business, or creed, and has sprung from tried and tested experience. Then comes the generation of that inner faith in the goal which fires the enthusiasm and the do-or-die spirit; which makes an Edison work sixty hours at a stretch for the achievement of a result to be desired; which animates a Lieutenant Scott to leave an imperishable record of an immortal hour; which makes a hero of a simple priest among the lepers of Hawaii; which puts mere achievement above any golden reward in the lives of thousands.

Imagination as a Success Factor

In order to succeed a man must have imagination. He must definitely see in the near or distant future the perfect thing which he wishes to obtain. He must *imagine* the ultimate results of his endeavor. I believe that if we divide the work "imagination" like this: "imagination," the making of images, we shall get a clearer concept of what imagination is.

Did you ever try to image the important thing you wish to do? Its results? Its end? Did you ever realize that the man who has hazy ideas of what he is going to do, puts forth the same hazy efforts trying to do them?

The indefinite idea produces the indefinite action.

The uncertain man produces the uncertain results.

Most men are discontented, but *what* do they really want to do? Find them an object to work for and they grow contented again. We fail, someone said, because we do not attempt more. We need loyalty to be happy, therefore, we need it to do our best work. The man who works for a definite result works at greatest pressure, and with the greatest speed.

There must be definite thinking about definite work, as the first essential to a realization of it. After definite thinking about our work comes the arrangement of our daily lives in a way effectively to accomplish that thing.

Can we sit down and "image" what next year should produce in definite satisfaction for ourselves, our work?

The Why of Failure

It is the curse of the retail merchant in this country that he hasn't a definite conception of the kind or amount of work he must do with a given environment of neighborhood, prospective customers, equipment of employes, stock, capital, etc., in order to get a certain result.

Therefore, he does not keep any record of what he does. Every time a retailer fails we find the same condition,—he didn't know what he was doing and did not know how badly he was doing it.

A careful analysis of the working methods of over six thousand retailers, showed that but 10 per cent of them maintained any records that could tell them:

First—What had they in stock

Second—What profit they were actually getting on any line of goods

Third—What the expenditures for salesmen, advertising, or special sales were actually producing in profit or loss

Fourth—What the percentage of expense was upon any distinct body or class of sales or merchandise

How can a man determine what he must do until he knows definitely what he or others like him can do or have done? Most men are hopeless because they are thoughtless. Just as soon as a man knows that he is working in harmony with the eternal laws of success, just as soon as he is convinced that the thing which has made others successful is the thing he can do, he will work with greater certainty, and without the paralyzing dread of that unknown preventable thing which he suspects is lying in wait along every road he travels. Give him the vision of things worth while, and he gains confidence in the law and he works with the hope of doing better.

What are the fundamental laws which all men must respect?

In business, the Devil and Dame Chance are blamed for much that is plainly due to ignorance of the rules of the game.

These rules are clearly understood by the captains of

success. They are as old as the hills, but they are not appreciated as by the man who is "born" to be a grocer, a baker, or a candlestick maker. Such a man is not likely to keep the rules before him, because he is not convinced that there is a principle of knowledge which has declared for four thousand years that every game has its rules. In consequence such a man has no faith in what he does not know.

Rules for Success in Retailing

What, for instance, does certified experience tell us is necessary for success in a retail store?

Bradstreet's summary for 1910, shows that the failures were largely due to lack of education of the business man; that is, the failures were due to tendencies inside the man himself. These men by actual investigation, failed to do all or most of these things:

First—Keeping, as an ever-present necessity of a healthy business, an accurate knowledge of credit, both in buying and selling.

This applies to the individual as well as to the business man. The man you want as a bookkeeper is the one who knows he wants you for an employer. The business man is tormented by men seeking selling and advertising positions who know nothing of advertising or selling, and who are not willing to learn at their own expense.

Stenographers who hold positions requiring a speed of 150 to 200 words a minute in handling technical information, found how to hold the job before they took it. The other kind work half the year and spend the other half hunting another job. The employe who seeks a better position has a knowledge of where he wants to work and he can tell you what that firm pays and what they expect for it.

It is only within the past two years that credit associations have given thought to teaching credit principles, instead of catching absconders.

Second—Taking precautions not to over-buy, by having a thorough knowledge of both buying and selling conditions and merchandise.

The successful retailer has complete information on the movement of every portion of his stock. He can tell how many cans of tomatoes he sold in the last six months. Therefore, if he had a special offering in tomatoes he could tell how many cans his normal trade would absorb in a given time.

Third—The successful merchant makes business by energetic and intelligent hustling; he never waits for it to grow.

The employe who is waiting for something that is better to turn up is a liability. He sticks at an old job, regularly every sixth month applying for a raise of wages, but he doesn't spend a night a week of his time studying how the work ahead of him might be done in a better way. He has no vision and of course no loyalty to it.

The average business man may use a lot of energy in soliciting business, but he does not study intelligently the conditions of his territory or the wants of his prospective customer in order that he may effectively apply the energy.

Fourth—The successful business man advertises in some form or other.

Every employe should keep a record of the work he is doing and of the improvements that he makes and let his superior know what he is doing; the employe who fails to do this is not loyal to his own vision, and the employer who resents such information is not worth working for.

Every business man should consistently and persistently place before the public, his claims upon the public's attention; he is not loyal to the opportunities of his hour, no matter by what poor thinking he may fool himself.

Fifth—The successful business man has always placed the accent on head work instead of hand and foot work.

A special investigation of nearly five hundred retailers showed that but thirty-one of them had any system of accounting that would be accepted by the insurance people as *prima facie* evidence in the adjustment of loss in the case of fire. The proprietors of most stores were busy ten to twelve hours a day at work which a \$3 to \$9 a week clerk could do just as well.

Their window displays were changed but once a month; they left their advertising to the local newspaper man; and in but few cases ever had even a visiting book-keeper tell them what the real conditions of their business was. Mere busy-ness isn't business, or a pig's tail would be the most efficient part of the pig.

Sixth—The successful man tries to do today what he might do tomorrow.

This is self-evident and does not require any demonstration.

Seventh—The successful merchant dictates his own terms to his jobbers, competitors, and customers; he knows and knows that he knows what is best for his business.

A retailer recently bought a thousand pounds of candy at eleven cents a pound, and was retailing it at fifteen cents. I asked him how much he thought he was making on it. He said he didn't know exactly, but that the jobber had told him that everybody was selling it at fifteen cents and he thought he could do it if they could.

Another retailer bought shirts at a dollar apiece. I asked him how much it cost him to do business. He said "he thought 25% would cover it." I asked him what he thought he was making on the shirts; and he said he had marked them up for a 20% profit. It turned out that he figured his percentages on his selling price and made his price on the basis of his costs. He didn't know and could never understand why it was he always made less than he expected.

The employe too often takes the stories of success told by other employes as gospel truth. He hasn't any truth-founded conception of what the real value of his work is and is constantly jumping from one job to another in the vain endeavor to get a remuneration founded on his wants and not on his deserts. From the ranks of such loose thinkers we recruit the army of those who rabidly talk about the war between capital and labor.

Eighth—The successful merchant joins in co-operative efforts with others for the elimination of trade evils and the solution of trade problems.

In the expenditure of over seven hundred millions of dollars for advertising, it is conservative to say that the American advertiser is swindled out of 25 per cent, because he has not joined in any co-operative effort to stamp out the special edition, program, house organ, and catalog graft; because he will not co-operate to get accurate information about the circulation of media, and definite information about the classes of people among whom a publication circulates.

It is only through the work of credit associations that the elimination of the dead-beat and the dishonest creditor has progressed as far as it has. Yet many advertisers hold to the belief that they have a special knowledge of result-producing methods which is not warranted

either by the quality of their advertising success or the actual conditions of their business.

Ninth—The educated merchant overcomes the American tendency to attempt with five thousand dollars a business that requires a fifty-thousand-dollar capital.

The employe with a \$15-a-week knowledge of salesmanship, realizing his condition, goes out on the road at the price, and by application and loyalty to a desire for a more perfect knowledge, which is a part of his plan, gradually develops into a salesman getting three or four, or even ten times that amount. But the employe who has no conception of the laws of success and believes that the world can be bluffed, puts his \$15-a-week assortment of knowledge to the test of a \$50 job and fails.

Tenth—The successful merchant knows that he must always be learning new things and must keep in touch with the important changes in business methods.

Probably this particular feature is most prevalent in territories where old business methods have been permitted to solidify into sacred tradition. A retailer of Newton Centre, Massachusetts, when asked why it was that his store had grown in fourteen months from a business of \$37,000 to \$140,000 a year, answered simply: "I decided that I would govern my business from positive knowledge rather than from accepted customs."

What Jones Thought Over

While on a motor trip in northern Indiana, I stepped into a village store. As I stood telephoning to the next town, the caption on a card nailed above a desk caught my eye. It read:

"Think These Things Over, Jones!"

The rest was so good that I copied it:

- 1—Trusted the other fellow too much, or has he me?
- 2—Was that drummer a better seller than I was a buyer?
- 3—How much of the money I took in today is mine?
- 4—Am I getting so lazy that I don't do anything but just worry about how hard I'm working?
- 5—Have I any good reasons for buying more goods?
- 6—What am I worth?
- 7—What about the goods on the top shelf?
- 8—Any notes coming due next week?

Some of the questions were written in red ink, others in black, and one in pencil; apparently they had been put down from time to time, as reminders of danger marks that Jones thought he had discovered in the day's business.

I am sorry I was not able to interview that proprietor, for he was out at the time of my call. That little card had all the earmarks of the work of one of Commerce's loyal soldiers.

He was loyal to the principle that things didn't happen, to the vision of things well done, and within the range of his experience he was working out a plan and purpose to guide his thought and action. He was fostering his tendencies to careful foresight and self-examination.

Bradstreet's summary of the failures of the world is in indictment against those who were unable to keep faith with, to be loyal to, the ten parts of the creed of the successful merchant. Any man who is loyally honest with himself, can check himself up against these things. He can determine whether he is meeting the conditions of the game. He should look each foregoing statement

and comparison clearly in the face, and ask himself, "Does that mean me?" Don't flinch, my friend; don't fumble, you banker, merchant with a million; don't dodge it, you near-success; you can't ignore it, you guesser at the world's riddle.

CHAPTER XVIII

LOYALTY TO IDEALS

The vision of things to be done may come a long time before the way of doing them appears clear, but woe to him who distrusts the vision.—JENKINS LLOYD JONES.

*He stands within the shadow of the night,
But looks beyond it toward the coming light;
And sees, far off, with tranced, prophetic eyes,
The consummation of the centuries.—JOHN E. DALSON.*

The Point of View

The real man is loyal to the truth because he wants the truth and nothing but the truth, no matter how much it hurts him or the other man.

If a business man is suffering from cranial enlargement, he can't check up. It is utterly impossible for a man who is suffering from softening of the wits to see failure when he looks in the mirror. As Mencius said: "When men's fowls and dogs are lost, they know how to seek for them again, but they lose their mind and do not know how to seek for it." Like the crazy man who thinks everybody else in the world is crazy, so the man who is satisfied with himself, whose "business is different," is satisfied that all the rest of the world is wrong, running after false gods, doing the inefficient thing.

The House Policy

In every efficient management there is, somewhere, in an understandable form, a statement of "what the house stands for," a definition of its policy, a reflection of the individuality which marks it off as different from other houses.

It is obvious that before we can be loyal to a house and its future, before we can fight most efficiently for its success, we must know what it is, what it wants done, what it will not do, and what it will do, with respect to the many questions calling for our decision.

Again, human nature needs definition of purpose in its work for another as well as for itself; uncertainty paralyzes effort. The religious creeds, the mottoes we hang on our walls, the "creeds" for salesmen, business managers, and advertising men, show by their popularity human nature's reaching out for definitions of what to do and what to think.

By following these tendencies of action we catch the drift of human nature, and are coming to a knowledge of what manner of being man is.

The Spirit of the Rules

Many, yes, I may say most, businesses suffer from an entire lack of definite policy presented in understandable form either to customers or employes. Ask any of your employes to state what they believe to be the house's policy relative to any of a dozen different things and you will be amazed at the variation of misinformation you get, and you will probably be mystified at the interpretation of the spirit of the rules. Is it not well for you to realize that these employes are coming in contact with the public every day of the week? They don't know what your house stands for in relation to that public.

Take "your-money-back-if-not-satisfied" proposition. A store widely advertises this as a house policy. It is on all the letterheads, in all the newspaper and circular advertising, and even on the statements and wrapping paper—and it is all honest and means just what it says. An editor of a trade journal talking about this told me:

"I have in mind the shoe department in a certain southwestern store. A woman returned with a pair of shoes that had not felt as comfortable when she tried them on at home as she fancied they did in the store. She wanted to know if she could get her money back on them.

"The clerk was anxious to make a good sales record, so he said:

"We will arrange that if you buy another pair of shoes here."

"The woman turned on her heel, looked up the proprietor and made a few uncomplimentary remarks about the store that made promises and did not keep them.

"That proprietor spent the better part of a half hour trying to convince her he meant just what he advertised, and when he had convinced her by argument (at least pacified her to some extent) he proved it by going to the cash drawer and getting the money. Restored to a friendly feeling for the house, she allowed the proprietor to fit her foot and remained a satisfied customer of the house.

"Incidentally the clerk learned something he never forgot about interpreting the policy of the house, according to its spirit.

"Had this been one of those stores which advertise a liberal store policy with little intention of carrying it through, there would have been one more knocker and one less booster for the store in that town.

"Of course there is the other extreme. An 'easy' clerk may let some unprincipled customer take a suit or a wrap, and after wearing it to some social function return it and get her money back. But such clerks are usually of short term service in any aggressive and wide-awake store."

What is a House Policy?

What is the policy of a house?

It is the plan on which it is founded; the *purpose* that it has in being in business; it is the *statement* of what it will do to get and to keep business; it is the *manner* in which it treats its customers relative to those things

which are not a matter of price or quality, but are matters of service.

Why is it necessary to reduce it to a definite statement?

The minds of the mass of men are like a slow photographic plate. Any business must be kept before this mind a long time, must retain its outlines much the same all the time, must not change its character, or the picture impressed on that mind will lack definition of outline. The business of the advertiser, for instance, that appears in the prints today and is gone tomorrow and that, so to speak, flashes before the social eye in the turning of a leaf, makes no impression on public consciousness.

Here are ten, or ten thousand employes who are lacking in that information which gives them a clean-cut conception of what the business for which they work stands for, what its policy is. For instance, a retail store has one price to all and sticks to it. It delivers free of charge. It returns the money if the goods are not satisfactory. It guarantees quality to be up to the marks on the package. It guarantees that its description of goods in any advertisement is absolutely correct in letter and spirit. It insists that its employes shall be courteous, considerate, and informing.

Now suppose that an employe fresh from some store where these things did not obtain, sold a blanket advertised as "a yard wide," when it was but thirty-two inches; the customer brought it back, and the clerk, reared under different influences, blandly told the customer that "a yard wide is simply a trade term."

Has the clerk adopted an attitude that reflects his store policy?

Every business house has a policy; however indefinitely stated it may be, it is there. It is self-evident that it should

be clearly defined to all those who represent it, at least, and better yet, if it is persistently stated in the ways by which the public shall come to understand it.

The Wanamaker Store Policy

Let me refer, for a concrete example, as I did in the last chapter to John Wanamaker, because he has so definitely formulated his store policies that we do not have to deduce them from a mass of unrelated actions. His business has been built on loyalty to a clean-cut ideal, fixed for some fifty years. Recently he re-stated his store policies as follows:*

"First—As to the Public:

- "(a)—A service exactly opposite to the ancient custom that the customer must look out for himself.**
- "(b)—A kind of storekeeping absolutely new in its ensuring protection from wrong statements, printed or spoken, ignorant or willful, in reference to origins of merchandise, their qualities, and actual values.**
- "(c)—An elimination of so-called privileges to customers, as privileges when they border on humiliations, because hospitality as well as the return of goods for refunds or reclamations are *rights* that spenders of money are entitled to as rights, not as favors.**
- "(d)—Recognizing and practicing the manifest, though unwritten law, that customers are entitled under our system to the maximum of satisfaction at the minimum of cost, for the reason that they pay the usual and ordinary expenses of store-keeping, which are always included in the price of merchandise.**
- "(e)—Securing to each individual dealing with us to the last analysis, exactitude of intelligent service and full value for value received in every transaction.**

* "The Golden Book of the Wanamaker Stores."

"Second—As to the Working People:

- "(a)—An admission as a fundamental principle that workers are entitled to further considerations beyond legal wages, covering their welfare and their education.
- "(b)—To see that employes are not over-reached or over-looked, and making it possible that there shall be nothing between a man and success, but himself.
- "(c)—To provide education to employes as the only means of doing what legislation or combination cannot do, the improvement of their earning capacity, labor, and capital, adding to the sum of human happiness.
- "(d)—That the education provided shall not include the dead languages or other unuseful studies to the detriment of the practical and technical every-day-work studies that aid in making a better living.
- "(e)—That the education must at the same time go towards the development of character in order to enable the man to better engineer his life to higher living and greater happiness, as well as to earn his daily bread.
- "(f)—To keep foremost the observance of the spirit as well as the letter of laws that govern our business transactions and relations to each other.
- "(g)—A fixed plan of retirement of employes on retired pay to give rest and recreation to the old and chances for promotion to the younger people.
- "(h)—A Court of Appeal, chosen by the employes, to hear and adjust impartially any complaint the employes desire to lay before such a court for reference.

The Cardinal Points of the Business

- "(1)—The assembling and distribution of the best products of the world upon the most intelligent and economical basis.
- "(2)—The ablest management, most thorough accuracy of service, and, because of the fairest treatment of all the workers, from the humblest to the highest, the finest comradeship.

"(3)—The life and soul of the business to its honor.

"(4)—That the aim and purpose of the business must always be, that as the business rises it must lift every worker with it.

"Each day's sailing directions for the ship, captain and crew to read and follow every day."

The Wanamaker Idea

"The foregoing states simply and briefly the Wanamaker Idea. It is not a mere sentiment. It is the mercantile law in operation towards the people within and without our buildings. It requires the merchant to live and work by standards as high as the clergyman, the physician, and the college professor. It makes way for the elevation, contentment and prosperity of employes willing to make the effort to help themselves. The Founder has framed it in words that it may form the compass and chart for all who come after him.

"Let nothing sag or fall. Hold fast all we have wrought into the system, and add to it out of the ever-ripening experience, and by all means see to it that no one fails to keep step in the march of progress. Inflexibly it must be—step on, or step out.

"All can help, but none shall hinder.

"Keep the ship on its keel, and whatever else is left undone, see that it keeps moving in the channels here staked out."

Here is at once a plan and a purpose, through which we catch a vision of things well done, to enlist the support of all those within and without the Wanamaker business.

Can anyone say that such a clear visioning in a plain statement does not make for efficiency in store organization, because it has taught the discipline that made the good soldier; *i. e.*, the employe who understands what is wanted and does it?

How shall we judge the efficiency with which this plan and purpose may be accomplished? By the standards which shall be extracted out of the experience of the

whole world. The method of making such extraction will be considered separately.

He is not loyal who does not hesitate—it is instinct only that keeps the ant true to his line of march—but he is loyal who, feeling the chill of Doubt, yet presses on towards the vision his soul has set in the golden glow of its tomorrow.

The spirit of loyalty is like that virtue which Plato mentions in his "Value of Virtue" which makes the man who is truly loyal love the thing for its inner value. The loyal man shows that he is interested more in doing the thing for itself than for the effect it may have on another. His aim, therefore, is to accomplish the thing worth while, and he is satisfied when he has done it well when measured by the high standards he has set himself.

Any business man may have this high purpose. Such purpose must always be the soul of that Service which it is so easy to talk about but so difficult to give truly.

The Man Motive

What the policy is to a house the motive is to a man. In fixing on our plans and purposes, let us go deep into motives so that we may know exactly what we want to do and that it may be worthy of a life work. If we don't we shall soon tire and turn to a new thing.

It is the tiring and changing that wastes so much of our time and energy, two things we cannot waste unless we are prepared to want.

The thing on which you spend your leisure time is generally the thing that is making the most demands upon your real thought, time, energy, and money. Do you really play golf because you like the game, or because it brings you in contact with people whom you would like to know, or whom you think it is profitable

to know? Do you really get a lot of fun out of the game, or only out of the people whom you meet?

Get at the vital desire back of any effort. Are you really interested in your work of advertising? Do you really believe that you have any particular aptitude for it? Perhaps you have gone into advertising only because you think you can make your money easier at that than you can at anything else? Do you *think* advertising when you're out of your office?

Do you study salesmanship in your own time? Do you easily "put your business behind you," as you express it? Is an article on salesmanship of any vital interest to you when you have a chance for a few hours to yourself? Are you really interested in the business you are doing? Do you like to meet the other fellows who are making good in your line? Do you talk shop when you do? Do you spend your extra money for books, and papers, which help you to know more about your work? In other words, are you loyal to the spirit of exclusiveness which makes a pursuit a dominant interest or are you just making a living at it?

I am suspicious of the man "who can leave business behind him"; who is not always interested in anything that is said, or done, or thought about the thing to which he has given his productive energies and his time.

Looking Upward

A great authority, a master gardener of tendencies, once suggested that a man ask himself: "What kind of people do I like? Do I like people who have more brains than I? If so, I am making for my own efficiency, because no man likes people who have more brains, more ability, more capacity, who know more than he, who is not on the right road to developing more brains, ability

and knowledge. The man who deliberately selects brainless people, because they may render homage to him, is neither well educated nor developing."

Let a man ask himself if he is really industrious from a desire to do the things that he knows are worth while, or is he industrious simply to impress somebody, whom he thinks it will pay to impress? Is he sober in the higher sense of the word—is he reasonable in the things that he does?

Does he possess any self-respect? Can he forget himself for a single moment in a desire to do something for somebody else? Or, does he do things only for people from the meanest of motives, that he may impress those people with a sense of obligation, with the idea that they may be of service to him? Does he have a regard for appearances from a high sense of wanting to do the thing that will show him the best light? Is he polite? Is he honest? Is he punctual? Is he active? Is he reticent? Let him thus go down into the very well-springs of his own character and find out just what is there.

All these tendencies, and all these questions, all these motor impulses, etc., which may be weak in themselves, and, taken apart, may not be the guiding influence that makes a man succeed or fail, are a good deal like the sticks in the fable, which, bound together into a human personality, become the strong motor impulses and characteristics that lie at the root of success or failure.

Loyalty to Self

I wish every man might read the Autobiography of Benjamin Franklin, particularly that part mentioned in a previous chapter. It is one of the most wonderful books ever written. It demonstrates the great power of loyalty to truth; *i. e.*, the absolute necessity for every one to have

a definite conception of what he wants to do, to think out how it can best be done and what its ultimate effects will be when it is realized.

It also teaches another lesson—to loyally eradicate those things that breed friction, to get rid of those qualities in our mental and moral make-up which interfere with the harmonious development of the entire man and with the pursuit of the thing that we want to do.

These principles apply to business as well as to individuals.

As another has said, "Self-knowledge, along with self-reverence and self-control, has received from the days of the Greek oracles down to Tennyson, almost official recognition as a source of power, but by a curious anomaly the self-examination on which it is founded and which necessarily includes some introspection, is commonly viewed with disfavor and suspicion. It is supposed to produce melancholy, irresolution, and a sense of impotence. This is probably due to the fact that there is a greater tendency to introspection in times of depression and consequently it often takes on rather sombre colors.

"People, when in good spirits, take them for granted as a part of the beneficial ordering of the world; they do not analyze conditions which have produced their happiness. Those who are sad or discontented, on the other hand, especially when there is no obvious reason for the sadness and discontent, often begin to question the value of their own personality, and to examine it rather critically and in a fault-finding humor."

We should look within ourselves. A man may have the very best time in the world when he looks inside and thus comes to know himself, for he may find there a new friend, the loyalty and companionship and sympathy of whom he may not doubt. It is not necessary for him to

be an egotist in order to do this. He must be overcome with the fundamental bigness of the fact that he is a human being and that God saved him from being a pig.

He may believe in luck, or in fortune, or in the voice that troubled Lincoln, or the star that guided Napoleon, or the luck that waited upon A. T. Stewart, but most of all he must be loyal to that which makes him Peter Penwiper, or Josiah Golddust, else, what is the satisfaction in being either?

Loyalty to the Vision

To be loyal to one's conceptions, loves, friendships, or visions in this day of change, appears to some minds to be uncouth, vulgar, impractical, and old-fashioned. The man who thinks his own thoughts and painfully disentangles truth from the web of falsity and chance, who can test his thoughts and acts in the acid bath of usefulness, and whose mind is open to inspiration from all sources, will, when he has found the ground of surety, confidence and truth, be armed with all the powers of his mind, heart, strength and will, and go forth cheerfully to do battle for the thing he sees to be done, and victory is worth the battle.

"These things," said ex-Governor Black of New York, "I believe, should be kept in mind. Large enterprises must be built upon large, deliberate planning. Judgment is safer than emotion. It does not create half the enthusiasm, but it stays longer. Nature works slowly, but she never tires and her rules change not. That is why through all creation and on every side, the marvels of her handiwork, compared with which the puny works of man are as candles to the sun, have in all ages bowed the human head in wonder and adoration.

"On every rock, and river, and tree is written the precept, 'Let your head command, and your hand obey.' Strength without wisdom is like a hurricane speeding unguided across the plains and piling in its awful havoc alike

the empty house and the crowded temple. All things should be controlled by plan and method, for it is true now as it was of old, that when the floods come and the rains descend, no house will stand unless founded on a rock.

"Deeds that are the creation of excitement are seldom brave. When the blood is hot it is easy to be bold. When excitement rages, patriots swarm and multiply, but when the bullets dwindle, and the flag is laid away, and in its place a new one floats against the sky, the vast majority of men pay little heed to the important questions so vital to the country's good.

"No man is a true patriot who is not a patriot always. *His value of any statute* depends upon his comprehension. If he does not really understand, he is not really one. An act performed unconsciously is no higher than a mistake. He is not brave who faces danger without fear—brutes do that. But he alone is brave who, feeling in his veins the tremor of conscious fear, yet pushes to the front."

Of such courageous stuff is the man made, no matter from what part of the earth he may spring, who remains true to the vision of things well done.

He wins no matter what the cost of his victory.

PART VI

A PAPER OF BRASS TACKS

A standard under modern scientific management is simply a carefully thought out method of performing a function, or carefully drawn specifications covering an implement or some article of stores or of product.

—MORRIS LLEWELLYN COOKE.

CHAPTER XIX

THE N. C. R. SCHOOL

When I want to discover something, I begin by reading up everything that has been done along that line in the past. I see what has been accomplished at great labor and expense in the past. I gather the data of many thousands of experiments as a starting point, and then I make thousands more.—THOMAS A. EDISON.

The School Record

In 1904 Hugh Chalmers, then general manager of the National Cash Register Company, said in a public address that sixty-three per cent of the men who had taken the course of instruction in the N. C. R. School of Salesmanship, had succeeded as salesmen. This training school was started on the 4th of April, 1894, and graduated in June of that year its first class of thirty-seven men.

During the next ten years, forty-nine regular and eight post-graduate classes were graduated, with an aggregate membership of one thousand and eighty-nine. The majority of these men successfully accomplished the selling task set them by the company; their efficiency was measured—not by vague, uncertain, and varying impressions made upon the management nor by the fluctuating records of different sales managers, but by scientifically determined standards of selling efficiency, based upon personal and territorial quotas of sales set by the company.

The Basal Principle

This school of training covered in its work a much wider range than might first appear to those unfamiliar with the

methods of modern sales-efficiency engineers. It got down to brass tacks. The reasons for its installation have often been told, but the scientific laws governing its organization and methods of instruction are not generally understood. President Hyde of the Equitable Life had long previously done similar work, but he did not call it a "school." There had been meetings of the department heads in stores in the time of A. T. Stewart and latterly of Wanamaker; but these meetings, arising probably out of sympathy for the men who had graduated from the "University of Hard Knocks," were not of the nature of schools, although their purposes were the same; viz., to teach the men how to do their work in the best way, and to collate the experiences of all on problems of procedure, discipline, and daily work.

The same procedure had been in operation for nearly a century in the Naval Academy at Annapolis and in the West Point Military Academy.

Origin of the N. C. R. School

The principle was not new, although it found a new application in the establishment of the N. C. R. school.

In 1893, John H. Patterson, president of the National Cash Register Company, became dissatisfied with the results secured by the company's sales force, and began an investigation of its apparent deficiencies. As his consistent habit is, he reduced what he found to a definite classification of facts and ideas. After visiting all the selling centers of the company's organization, and talking with nearly all the men, he found the following situation:

First—They didn't know what they were selling, either—

- a. From the standpoint of its technical superiority over competitors; or
- b. From the standpoint of its use to the man who was expected to buy the register.

Second—They didn't know the most efficient method of selling cash registers to men in different lines of business.

Most managers would have given an hour's talk on greater industry, telling the men to watch each other and warning them about not "making good." Most men in Mr. Patterson's position would have considered the advisability of hiring a new sales manager, of changing the terms, or lowering the prices; or would merely have cussed about "the quality of the salesmen we are getting nowadays" and gone home and worried about "conditions in the field."

The N. C. R. sales organization was neither better nor worse than many others; it was a crowd of two or three hundred individuals, each doing what he thought was his best—when he thought about it at all.

That trip around the circle was a "journey down to Damascus" for Mr. Patterson. For him, to see the light was to act; for it is one of the peculiarities of Mr. Patterson's genius to consider nothing as fixed. He has held, as one of the cardinal principles of his strenuous career that, "Wise men are continually changing their minds." He is always alive, always ready, and welcomes with delight an opportunity to make a change.

To the objections of those who could see no reason, on one occasion, for a voluntary and radical cut in the prices of registers, his answer was :

"We will do this because it is the best thing to do. That nobody has ever done it before is no reason why we should not do it—it is only an excuse." This method of looking at things insures lots of new ideas—and some good ones.

Immediately after that trip around the circle, Mr. Patterson began to construct a system of teaching salesmanship to the men who were selling his product. He put his finger on the sore spot—lack of knowledge of the construc-

tion and the uses of the article in the hands of the customer. His salesmen were ignorant of the value of the registers to the customers. He didn't flinch a moment.

He may have reasoned something like this: "Most of our men don't know the way our most successful men sell cash registers. Some know more or less about the mechanical features of our registers; some know all the uses a register can be put to in many lines, and some know but a few. All should have a chance to know what each has learned. Almost all are good material, as men go; I cannot see where I can get better man-stuff. I must fashion this man-stuff into more efficient selling units."

The Idea

Just as Colt made each revolver like every other, so that a hundred could be taken apart, the parts thrown promiscuously together, and a hundred revolvers could be assembled again, and each work perfectly, so Mr. Patterson saw the necessity for striving toward interchangeability of the parts of his selling efficiency. Like Colt, he saw that it meant standardization of every process in the making of those parts. He realized that men, at bottom, are much alike—and that applies to customers as well as salesmen.

Mr. Patterson therefore set himself the tremendous task of standardizing the selling methods and salesmanship effort, realizing that he could never perfect it in all details—even the revolver has not been perfected—but seeing that what could be done was well worth doing at once.

Educational methods had to be standardized. The policy of depending on the "born salesman" was a failure. The hit-or-miss system of recruiting the sales force was a failure. The idea that salesmen would get the "know how" if they were given enough experience was a failure; and it had always been a failure because success is not an instinct.

So the first training school for N. C. R. salesmen, called together on that epochal 14th of April, 1894, was the answer of a hard-headed practical selling genius to the 2,000-year-old problem of how to increase the selling efficiency of men—a problem which the Apostle Paul had recognized and struggled with in his day in the training of those who were to become shepherds of the flock and preachers of the Word in days to come.

The idea was about as popular as a mouse at a 5 o'clock tea. Nobody was enthusiastic over the idea of calling the men from the field to attend a training school in salesmanship. Ridicule of the idea was open or sly. Nobody really wanted to "waste the time"; nobody wanted to teach the school; and nobody would admit they needed instruction by attending it!

Mr. Patterson has a habit of seeing that his orders are obeyed—many think he has the "get-out-or-get-in-line" policy of management abnormally developed—and he saw to it that his school idea got a fair trial.

The Problem

It is one job to develop a principle, or idea of a course of action, and quite a different one to apply it to a concrete case by elaborating a method that shall be flexible enough to use all types of men and to meet all conditions.

The procedure from a scientific analysis of such a condition is plain. In meeting the requirements of the company's sales condition it was necessary:

First—To analyze the successful and unsuccessful sales to see of what selling arguments, strategies, and conditions they were made.

Second—To carefully check up the causes of failure or success to see what they were, of and by themselves, *i. e.*,

those personal with the salesmen, those which were the logical result of the application of the company policies, and those which arose from the social, business, or political conditions peculiar to the territories.

Third—By putting these findings together, to map out a plan by which the good things might be pushed and the inefficient be killed in the actual work of the men in the field.

After this general analysis of the selling conditions and the materials, it was necessary to go a step further, and find:

First—How the most expert and successful men, under typically variable conditions, sold cash registers.

Second—In what way those methods could be reduced to a system which could be understood and applied by all the force.

Third—The methods by which all the men who had found out or had been taught this system, could be kept at their top efficiency.

Fourth—What reward was really due these men who did as well as they could; and how those who didn't could be aroused to apply their energies more efficiently.

Fifth—How to get from those who were efficient, the kind of co-operation in experience and inspiration which would make the rest of the force also efficient.

Sixth—The method of training by which the results of the foregoing might be opened to the newest as well as the oldest man and by which those who needed it would surely get it, and be willing to accept it and work with it.

Required Instructions

The real purpose of teaching salesmen, office people, or factory hands is, of course, that they may learn to teach themselves, this being the true object of all education.

Even when given standard practice cards and manuals to follow, the worker must be convinced that the way offered is the best way. When any part ceases to be the best, it must be changed, and the changing process will be continuous. Each salesman must be taught, as a late instructor puts it, to :

1. Observe
2. Listen
3. Read
4. Discuss
5. Formulate

That these are the objects, and thus the sequence, of any truly efficient educative process, any trained teacher knows. It is hardly necessary to show how these exemplify the principles which have been described and which will be more completely given hereafter. Keep them in mind, if you please, in testing the practice which Mr. Patterson developed.

It is doubtful that Mr. Patterson consciously followed any of our principles, but it is certain he would not have succeeded had he not followed them. It has been out of the successful practice of such men that analysis has deduced laws for the guidance of those of us who, neither by experience nor native power, could have arrived at the correct system without the spur and directive power of the analysis.

Some of the Results

The practical results of the school idea applied to the N. C. R. conditions was gratifying even if somewhat mixed. One of the first training schools was held in New York and one of the first things the men were asked to learn was the "Primer," which was a simple, direct, printed statement of the manner in which a cash register could be applied to a retail business. Cash prizes were offered for quick work.

When the examination came off, three of those who attended the school made so nearly perfect a record that none of them was given the particular prize; but the prize was increased a little and divided among the three.

One of the prize winners was a mere boy in the Brooklyn office who had been permitted to study the "Primer." At the time of the competition he was drawing a salary of \$4.50 per week. A few years later he was made manager for Continental Europe. He adopted the attitude of the learner toward all of the work with which he came in contact in the after-career. He was always learning the "Primer" of the job ahead of him. Such an attitude is as truly scientific as that of the financier who has a list of future maturing obligations placed in front of him each day, and who conducts today's business with an eye to those future obligations.

Another youngster, at an earlier period, had played the game according to these rules, and he became general manager of the company's business. The youngster was Hugh Chalmers, now president of the Chalmers Motor Car Company—but his is another story. Others of like importance to the business came up through this training school—many unconscious even of the debt they owed to its influence in developing new viewpoints—to become officers, heads of departments, or star salesmen. This training school idea was not the idle whim of a notional owner who had a mania for something "different." Turning from its more conspicuous products, we find that the school idea worked equally well in the case of the average man, as the statement of Mr. Chalmers quoted in the opening paragraphs shows.

Instructors and Methods

The idea of a school was a good one, but the method of conducting it was just as important; and this was not left to chance, for Mr. Patterson was not satisfied to have men

merely lecture to his salesmen. No matter how learned in business, how clever a talker, or how successful a salesman, a man may be, he is not necessarily a teacher. The majority of those who have salesmen to train and attempt to train them, make one vital error right here which leads to that near-success of an idea, which is more annoying than failure.

In the first place, they will not pay for the time necessary to analyze into its elements the present sales efficiency of the organization. Next, they do not discover what is necessary for the salesmen to learn, in order to be efficient, for inasmuch as they have not analyzed, they are not in condition to find those facts.

First—Find the man who has at his tongue's end the things that his salesmen should know to be efficient.

Second—Know whether the teacher is able to arouse an interest in the subject and an enthusiasm for his method of teaching.

Third—Know whether he is able to tell when the salesmen have "got the point" he is endeavoring to give them.

Mr. Patterson took the school idea seriously and he insisted that everybody about him should take it the same way. He wanted formulas. He insisted that methods and arguments and explanations be put into trenchant form for ready assimilation even by the dullest. He hesitated at no price to get teachers.

CHAPTER XX

STANDARD PRACTICE INSTRUCTIONS

The idea of perfection is not involved in standardisation. The standard method of doing anything is simply the best method that can be devised at the time the standard is drawn.—MORRIS LLEWELLYN COOKE.

Formulas and Precepts

It is important to understand that a concrete formulation of a policy in any business, such as we have already seen in the case of Wanamaker, in the Constitution of the United States as a national policy, and in the Precepts of Bushido as to Japanese character, is an important first step towards the realization of efficiency in practice.

The Ten Commandments are the Standard Practice Instructions of Moses to his people.

The concrete formulation of principles is certainly good teaching practice. We shall eventually realize that the greatest men have been those who have concentrated their experience and their teaching into formulas. Take, for instance, Marshall Field, who was one of the greatest definers of methods in the merchandising business. John Wanamaker's speeches and selling manuals are models of business philosophy and rules of practice. He is constantly giving his people outlines for guidance. Stephen Girard's rules of action are famous. A. T. Stewart has a thousand epigrams credited to him.

Thomas A. Edison has recently been giving a good deal of attention to formulating his rules of life. Andrew Carnegie's "Empire of Business" is filled with epigrams. Hugh

Chalmers is constantly talking about "The Ten Best Things to do Today" and has carried the gospel of five attributes of a successful salesman throughout the land. John H. Patterson has never failed to give a recipe for something in each of the many speeches he has made to his employes. Lincoln's rule, "Of the people, for the people and by the people" was nothing less than a formula. Roosevelt's speeches are full of rules. Stevenson's creeds and prayers will be longest remembered by the mass of men, because he links great life principles to their own thoughts and moods, and makes clear what they have felt and thought.

Lodge's Rules of Management

Recently, William Lodge, head of one of the leading machine-tool companies, prepared his "Rules of Management," saying:

"When I decided to relinquish the reins of business and let a younger generation take up the management, I realized what would probably happen if I simply handed them over to others who had never learned how to drive. * * * I commenced to teach them how to handle things just as they were. In carrying out my plan, the following record of personal experience, put in the form of rules and comment, was written to give information to the succeeding manager of the shop of the Lodge & Shipley Machine Tool Company."

Surely that is a very simple and fundamental thing.

There is a best way to do everything.

If that is so then tell us about it so we can start with the best and do it better if we can.

The best way to tell it is to write it out so we can have it to think on.

That is the secret of the Standard Practice Instructions of the scientific managers and the efficiency engineers.

The orders given to army commanders are written, except in great stress of battle.

The inter-departmental correspondence of institutions is written on special blanks, some of which have "Avoid Oral Orders" as their motto, without realizing they are scientific in that direction.

Doctors write their prescriptions.

But we don't write our instructions to our working men. We leave it to them to "figure it out" with the assistance of indifferent, intolerant, or incapable foremen.

In the vast majority of business houses, oral instructions about the most important things are still the rule.

Those men who have most profoundly influenced their age and left the deepest impression on aftertimes, put in concrete and definite form the thought or the plan of conduct which vitalized their work in such a way that, glittering generalities though they be, they have exercised a stupendous practical force.

The small brain wants a line of action to copy, and not a principle to put into action; which means, of course, that parrotwise it is generally copied very badly. It has always been the same with little minds.

Napoleon as a Civil Administrator

But it is necessary to state principles and to standardize operations; such has been the law from the time of Moses and the Ten Commandments to the present day. An historical incident is here in point.

On the 19th of September, 1797, a few days after the Revolution of Fructidor, when the whole French nation was eagerly looking forward to great results from that revolution, Napoleon saw the insufficiency of the effort and fore-saw the inevitable failure. He put his finger on the whole weakness; *e. g.*, the futility of the idea that the mere changing of laws changed nations, peoples, and conditions. He said:

"Notwithstanding our pride, our thousand and one pamphlets, our speechifying, we are very ignorant in political and social science. We have not yet defined what we mean by the executive, legislative, and judicial powers. Montesquieu's definitions are false.

"In fifty years I can see but one thing that we have defined clearly, which is the sovereignty of the people; but we have done no more towards settling what is constitutional than we have in the distribution of powers. The organization of the French nation is, therefore, still incomplete. This legislature, without ears or eyes for what surrounds it, should no longer overwhelm us with a thousand laws, passed on the spur of the moment, that negative one absurdity by another, and that leave us, with three hundred folios of laws, a lawless nation.

"Here, I think, is a political creed which our present circumstances render excusable. What a misfortune for a nation of thirty millions of people, and in the eighteenth century, to be driven to the support of bayonets to save the country!"

When he rose to power he thought for all—he formulated—he standardized.

An Administrative Manualization

On the 26th of December, 1799, Napoleon wrote to Lucien Bonaparte, then Minister of the Interior:

"If war were not a necessity, my first care would be to found the prosperity of France on the communes. It is a much simpler matter, when reconstructing a nation, to deal with one thousand of its inhabitants at a time instead of striving romantically for the individual happiness of every one * * * an individual proprietor is always alive to his interests, while a community is, on the contrary, sleepy and sterile; the interests of an individual are a matter of simple instinct; those of a commune demand virtue, and virtue is rare. * * *

"The first condition, when dealing with a great evil, is to diagnose carefully its gravity and its incidence.* The Minister of the Interior will, therefore, begin drawing up a general schedule of the situation of 36,000 communes of

* You see in this, Napoleon's acceptance of the principle of diagnosis before applying a cure—carefully thinking about a thing before doing anything about it.

France. You have never had such a schedule. Here are the principal heads to be set down. There will be three classes: Communes who are in debt; communes whose accounts balance; communes with assets. The last two classes are not numerous, and their case is not pressing. The real question is how to clear the communes that are in debt. The schedule will follow:

"First—Details of property accruing to the commune after the division of communal property.

"Second—Details of the loans, of outstanding debts, and of dates of payment.

"Third—Valuation of revenues under specific heads, as rents, leases, etc.

"Fourth—Charges other than those that are strictly communal, as payment to the hospitals, charities, etc.

"Fifth—Details of the roads, with the general indication of those that are useful and those that might be sold.

"Sixth—Conditions of the rectories, churches, and annexes.

"Seventh—Details of rebates to be got from owners of foreshore who have plundered the commune.

"Eighth—Timber, and what kind that might profitably be sold.

"Ninth—Whether leases, rights of fishery, and of pasturing might be made more remunerative.

"When this schedule is drawn up, the Prefect will be notified that the whole effort of the administration must be brought to bear on the communes that are in debt; and that the mayors who do not come into line with these views of communal improvement must be removed.

"The Prefect is to visit these communes at least twice a year, under penalty of removal from office. A monthly report shall be sent to the Minister of what is being done and of what remains to be done in these communes. Suggestions may be sent in to me for a prize to be awarded to mayors who free their communes from debt within two years, and the government will appoint a special commissioner to administer every commune that is not free in five years. In five years, therefore, there will be only two classes of communes in France: Communes with assets; communes whose accounts balance.

"Having reached this first leveling up, the efforts of the Minister and of the communes will be directed towards bringing up the communes whose accounts balance into the

class of the communes with assets, so that in ten years France will have none but the latter class. Then the trend toward prosperity resulting from thirty-six million individual efforts will be intensified by the power of 36,000 communal entities, all acting under the guidance of government in the line of greater and greater improvement.

"Every year the fifty mayors who have done most to free their communes or to increase their resources, shall be brought to Paris at the expense of the State and presented ceremonially to the three consuls.

"A column erected at the expense of the government at the principal entrance of the city or village will hand the name of the mayor down to posterity. On it shall be inscribed: 'A grateful Country to the Guardian of his Commune.' **

It is well for us to remember that Napoleon at this time was thirty years of age, but we see the mind at work that afterwards was to frame the Code Napoleon—formulate and found the Academy, and was to bring the Bank of France into existence, while fighting the greatest wars of his time.

Manualizing the Salesman's Work

With Napoleon it was manualizing the job of an administrative officer. The same principle is applied when the Curtis Publishing Company manualizes the work of stenographers and ledger clerks. It is the same principle when Mr. Patterson manualizes the work of a salesman. But Mr. Patterson talks to sales managers and salesmen, not to prefects and mayors.

I believe that it was the N. C. R. schoolmaster who first said:

"Every sale is composed of three parts:

1. The approach
2. The demonstration
3. The close

"It doesn't make any difference whether the approach

**"The Corsican—A Diary of Napoleon's Life in His Own Words," by R. M. Johnston.

consists of two words, 'Good morning' and the demonstration of, 'Here's the goods, you need them,' and the closing, 'Sign your name here"—these three elements are in every sale."

Afterwards it was another N. C. R. sales manager who, recognizing the scientific spirit, added two preliminary stages to the sale—investigation, preparation, and then approach, etc.

The Salesman

Then the N. C. R. schoolmaster asks, "What are the attributes of a successful salesman?" and his answer is:

1. Health
2. Knowledge of the business
3. Systematic industry
4. Honesty
5. Enthusiasm

Then he takes the negative side of the case, and after an analysis of the failures in the N. C. R. business, covering a period of years, he gives these reasons for failure:

1. Lack of tact
2. Slovenly and careless dress
3. Does not intelligently answer questions
4. Lack of ability
5. Awkwardness
6. Lack of dignity
7. Failing to get the prospect to look at his goods
8. Indiscreet answers
9. Improper use of advertising
10. Unclean office and poor display
11. No window displays
12. Doesn't understand the register, or can't explain it
13. Doesn't understand the prospect's business

14. Doesn't keep up with the new arguments and information the company uses
15. Doesn't show low-priced as well as high-priced registers
16. Failure to co-operate with the company's advertising
17. Failure to say or do the best thing in the best way

Making the Precept Practice

These schedules of success and failure were not hidden away in typewritten form to be read by a few of the heads of departments or sales managers, who would look upon them as interesting but useless literary exercises for a man who ought to be out selling machines. They were blazoned on the front page of the company's "Sales Bulletin," printed on cards for office display, put in handbooks, made the subject of talks by the president, discussed in the schools at the factory and at the Saturday afternoon round-table sessions of salesmen in the city and country offices. They were preached with all the ardor of Billy Sunday denouncing the devil.

The men were "checked up" against these standards by district managers while on tours of inspection, and salesmen were quizzed and questioned, observed and counseled, promoted and fired, rewarded and fined through money and honors, on their showings in these examinations. This formula under such circumstances came to be a very real standard to N. C. R. men. As it became real, men ceased to doubt and smile; they got busy and became better men.

That it made failures sell cash registers and good men sell a lot of them, is conceded by all who are familiar with the story. Thus it didn't "happen" that the efficiency of the N. C. R. sales organization is the envy and the despair of other concerns the world over.

Standardizing Sales Methods

Having found what went into the making of effective salesmen and what were the common defects of the inefficient, Mr. Patterson was ready for further defining and planning. He got the men as they came to the training school, to tell specifically how they sold a register to a peanut stand in a great city. He had them sell registers to himself, or to one of their number, in the same manner they did to a possible buyer. He had stenographic notes taken of the conversation and arguments and gave prizes for true stories of actual sales. He found that all the arguments used in meeting the price objection were surprisingly alike; that the approach was almost the same in essentials among those who were admittedly the most successful in getting the ear of a possible purchaser.

The problem of selecting a man to write a standard demonstration and approach, was answered in a typically Patterson fashion. Nine hundred ninety-nine men out of a thousand would have selected the "cleverest salesman in the force," or the advertising man who is supposed to know how to write, to prepare a printed demonstration of the product—and the reason would appear quite obvious, because that man knew most about the product.

Going further, however, that is soon found to be an insufficient, if not a very bad, reason indeed. What is the object of a standard demonstration? Is it not to attract and interest the "prospect" in the product's value to him?

Then the greatest and most fertile point of contact is that of the machine, and not the salesman's theory as to possible use the purchaser may make of it.

The "Possible Purchaser"

One day, after everybody had been toiling and fussing over standard demonstrations, all of which were too long

or complicated, or too short or uninteresting, Mr. Patterson walked in with a clerical-looking gentleman and introduced him as, "Rev. Somebody, who is going to write our approach and demonstration."

Tableau in sales office!

The reverend gentleman, to cut the story short, made good, and his demonstration is the basis of the one used today by every N. C. R. salesman. Yet the result was a very logical one—the preacher didn't know too much about the cash register. He was the "possible purchaser"; he asked the questions and wrote the answers as he wanted them. This incident is quite in line with a conclusion that I have reached.

After nearly twenty years' study of marketing conditions, I find that it still requires a surgical operation to get the simple principle, "It is not necessary that a man know how to build an automobile in order to advertise one," into the heads of some of our business men.

CHAPTER XXI

THE SALES MANUAL

"The instruction card is to the art of management what the drawing is to engineering."—DR. F. W. TAYLOR.

Genesis of a Sales Manual

For years a specialty company with which I was associated, had been issuing instruction books which were marvels of technical English and concentrated information; but they were stiff, wooden in expression, and nobody ever thought of reading one and only the greatest necessity could make an operator of a machine study one.

One day I called in a green assistant in whom I placed a great deal of confidence. I said to him: "Here are our instruction books. They don't instruct, because they are about as interesting as a tariff schedule. We want books that operators of our machines will be glad to read. You don't know anything about the machines, therefore you will probably get the operator's viewpoint. I want you to write about its operation just as though you were writing a story for the 'Saturday Evening Post.' "

We've got the best instruction book issued by any company manufacturing a similar product.

We were applying the same principle that Mr. Patterson used.

The N. C. R. Manual

Out of the mass of experience data which came to Mr. Patterson from his men, grew the "N. C. R. Sales Manual"*

* Not now issued, as daily Sales Bulletins and Continuous Sales Schools have taken its place.

—the most complete and efficient textbook of salesmanship I have ever seen.

Four different editions of this manual lie before me. Each is an improvement on the former. They represent the growth of an idea. Here is one of nearly three hundred pages. It is a complete and definite explanation of the method of selling cash registers and, for any mind not entirely closed, an illumination of many a dark corner of salesmanship.

The spirit and plan of the book lie in its preface:

"This manual is a handbook of information and instruction for the benefit of N. C. R. salesmen. Its object is to give the selling force the benefit of the combined experience of old and successful cash register salesmen."

The form in which the selling data was prepared was in keeping with good teaching practice. Suppose a merchant said: "My clerks are all honest; I do not need a cash register." What is the best way to answer that without making an enemy of all the clerks and throwing a doubt on the man's statement? The Manual answers that objection in five different ways and in ways that have been used time and again in winning orders. This method of giving objections and "best ways to answer them" is followed in handling over a hundred typical objections.

Arrangement of the N. C. R. Manual

The Manual is divided into four parts:

First—Cash Register Salesmanship—in which are given the definite things that make a good N. C. R. salesman.

Second—The Approach—in which are suggested means and methods by which the salesman can successfully get to see the prospect under any circumstances.

Third—The Demonstration—this includes the Primer,

which tells the complete story of the cash register. Then follows the selling manual which contains the selling points and arguments, and even shows the salesman how to seat the prospect properly. There are fifty points stated in "don't" style, and seventeen points of failure quoted above. After the machine is demonstrated so that the prospect is thoroughly familiar with what the salesman has to sell, comes the—

Fourth—Closing Arguments—or the application of the register to the prospect's particular business. At this point comes the climax of the selling effort, for, as the Manual says, "The selling of a cash register should be made as interesting as a story," to overcome objections that the prospect will throw at the salesman. The manual then tells how to handle the order and get the best terms.

This Manual is one of the fruits of the scientific attitude towards the problem of gaining greatest efficiency in selling goods. It illustrates the principle of Standardized Instructions as necessary to efficient work and applies them to salesmanship. There are many reasons why a man should buy a can of your tomatoes, but there is a best way to phrase that reason and a best way to handle it; that best way is the way your best salesman handles the objection when it is handed to him.

The Sales Quota

We haven't covered all of our six laws of scientific selling. We must give men a reason for following our plan, and we must create a motive for their enthusiastic co-operation.

Mr. Patterson has already given the reason for the efficiency of his Quota Sales Plan as outlined in Chapter V. A quota of sales was given each man based on the possibilities of the territory—not of the man. Men of the right

sort were then engaged and trained to get the quota. The quota was a standard performance made to be respected. The quota was stated in "points" (each point being \$25) and indicated the amount of business which the company expected to receive from each territorial division of the United States.

If there are, we shall say as a matter of illustration, 100,000 tobacco retailers in the United States, and our tobacco retailer's sales have averaged 8 per cent of the company's total sales each year for five years and have shown an average increase of 15 per cent a year in the line, any territory must produce that per cent of sales in that line as a minimum. In a territory of large cities or many pleasure resorts, the local average will be taken as a minimum.

All lines of business are analyzed in the same way and a quota given each man for each line in his territory. Month by month the sales are checked up and when a man shows a weakness in certain lines, he is given special instructions in handling those lines. There is not space here to give a minute analysis of all the points taken into consideration in fixing the quota, but this will give you a hint as to the method. That quota was the standard by which the efficiency of the salesman or of the local sales manager was judged; hence, it determined their measure of usefulness and value to the company.

The 100-Pointers Reward

Then came the play on human nature, none the less a quality requiring scientific consideration because it has to do with emotions, as I have mentioned several times before.

It is all right to find out selling points to teach the men who are to do the selling, and to give them the complete armory of machines, arguments that have sold

and of facts with which to meet all objections, but it is quite another thing to get them to use those weapons with that enthusiasm and perfect faith which come from a confidence in their sale-making value. Mr. Patterson's profound knowledge of men came in here.

He organized 100 Per Cent Clubs of the men who had made their quota for six months or more in succession. The members were brought to the factory at the company's expense and given cash prizes and diplomas; the star men had their names engraved on a bronze tablet which was placed on the company's buildings, and their pictures were printed in the company's "Sales Bulletin." When the "100-Pointers" came into the factory the flags flew from every corner of the mammoth plant, and bulletins posted everywhere told the six thousand employes of the sales prowess of the men in whose honor the flags were flying.

Managing the Sales Force

General Manager, E. A. Deeds, said to a class that graduated in 1910: "You have learned here how to study. In this school you have enjoyed many advantages which the older men did not have. You have studied the business in a simplified form, under a practical instructor. A great many of our old men are handicapped by having learned the thing the wrong way." Please note that—"the wrong way." How many salesmen go on and on for years handling their territories and certain possible customers in the wrong way, because they "learned the thing in the wrong way"—yet they never know it.

Then Mr. Deeds counseled them to loyalty, and when in trouble to take their troubles to their district managers "who were there to help them."

This brings us to the last principle of efficient sales

organization. In order to make the system complete, we must have competent oversight of the work. The district manager and the local sales manager were Mr. Patterson's answer to this law of efficiency.

He had this idea working in his factory. At the time the class mentioned above was graduating, a District Manager's Convention was in session at Dayton. This convention was held for the purpose of showing the "man trainers" how to train and what new things to teach. This convention, too, presented to the company's officers the side of the practical field experience as an aid in shaping company policies. As a result of the week's work with the district managers, the company decided on the following principles to be followed in managing the sales force:

1. Promote from the ranks, because collectors, office men, and repair men make good salesmen.
2. Don't keep poor salesmen.
3. Start men at the bottom and let them work up.
4. Don't hire men who have bad habits.
5. Hire only men who have good appearance.
6. Give men employed in offices a chance to educate themselves.
7. Employ men for the office always with the view of their becoming salesmen.
8. Interest office men in selling.
9. Same amount of work in this business will double salesmen's income.
10. Don't hire men who change positions too often.
11. Don't try to do anything with tricky men; hire reliable men.
12. Ability and good health are things that must be taken into consideration in addition to honesty.

13. We want men in our business who are strong and healthy.

TRAINING SALESMEN

1. New salesmen must spend at least sixty days in territory before starting in training school.
2. Older agents must demonstrate registers more and study the business.
3. All agents and salesmen must demonstrate from registers and not from catalogs.
4. Company officers should hold conventions weekly.

Prizes

1. President's prize of gold watch, chain, etc., to be awarded on percentage of quota in 1910.
2. President Patterson announced that the Hundred Point Club prizes would be \$150 in gold, a souvenir pin, and a trip to the factory.

How to Operate City and Provincial Territory

1. All agents should employ assistants. These assistants should be given to understand that they must remain with the agent for one year before they will be given territory of their own if they are competent.

Duties of Assistant Salesmen

1. Door-to-door canvass.
2. Instal registers.
3. Secure settlements.
4. Sell our registers.
5. Unpack samples.
6. Represent agent when agent is not in office.
7. Make satisfied users.
8. Develop into future agent.
9. Keep sales agent busy.

Automobiles

1. Use automobiles wherever possible.
2. Quick transportation and cheaper advertising are revolutionizing the whole world.

Advertising

1. Quicker action in getting out advertising matter.
2. Keep standard booklets in stock.
3. Create desire for registers.
4. Have one kind for general distribution, and many kinds for special lines.
5. Don't generalize too much.

The Doctrine of Definite Instructions

Thus, the teachers were taught, under the direction of the general sales manager, what to teach the men in the field; company policies were threshed out and fixed; and all the teachers (for that is what Mr. Patterson considers his managers) were given a chance to hear all the reasons for and against a policy.

These policies were then published so that the whole organization might know them. There is no silly fiddling and whispering behind locked doors, or any mysterious chicanery about N. C. R. sales methods and policies. Good or bad, the whole selling policy is to get the entire power of the brains, skill, and brawn of the whole organization behind a decision.

Even the general manager gets his orders in definite form. He, too, is given to understand exactly what is expected of him. Of course, "there is room to turn around," but Mr. Patterson thinks in definite terms. He visions what he wants and isn't afraid to go on record. An order issued by the board of directors of the company, just before Mr. Patterson was to sail for Europe, well illustrates the idea:

"Ordered: That the management of the business be turned over to Mr. Hugh Chalmers as general manager, etc.

"Ordered: That the duties of the general manager shall be as follows:

1. To assume entire responsibility for the success or failure of the N. C. R. Company.
2. To increase the Company's profits by:
 - a. Increasing sales.
 - b. Increasing cash on hand.
 - c. Increasing the quality of our force.
 - d. Decreasing unnecessary expense.
 - e. Decreasing unfair competition.
 - f. Decreasing unjust opposition.
3. To find the sticking point.
4. To dictate policies and teaching.
- 5, 6, 7. Usual duties of a general manager.
8. To arouse enthusiasm.
9. To plan for the future.
10. To do nothing himself which he can get others to do for him."

That was not an order, either, for publication only. Mr. Patterson was quite likely when he returned from Europe, or before, to ask a definite report on each item, even from his general manager. Thus the same principles of efficiency were applied from the president down to the School of Messengers (office boys).

To have a system that aimed to make the salesmen efficient and not to make the managers so, to have one for them and none for the office and manufacturing forces, and one for them and none for the highest officials, would lead to that lack of harmony, that lopsided development which mars the efficiency of many organizations and induces that lost motion which was foreign to Mr. Patterson's conception of efficiency.

Mr. Patterson's scheme therefore called for instruction, at the company expense, beginning with the office boys, through factory, office, sales force, from men to managers, to executive officials, and to Mr. Patterson.

The Patterson Way

Who taught John H. Patterson?

Right there we get the vision of the man. Mr. Patterson makes it a rule to study conditions, businesses, men, systems, books. He keeps a whole staff of secretaries busy keeping track of the world's newest and best things. The bulletin room at the factory, where expert investigators are constantly analyzing conditions, organizations, books, and men, is an inspiration to the observer of the application of scientific methods in observation.

Mr. Patterson organizes his thinking just as he organized his doing. He is constantly going to school—observing, reading, thinking, doing—getting the last unit of productive energy out of every day.

CHAPTER XXII

EXTENSION OF THE SCHOOL PLAN

Put into the school what you expect to get out of it.
—T. C. von STEIN.

Net Results of the N. C. R. School

The former school instructor, R. H. Grant, at this writing, sales manager, said in an address in 1913:

"From 1903 to 1908 our policy was to take new men who had been successful in their business and put them in the school, teach them and then put them in the field. As a result of this plan we had 26.4 per cent who made good in a five year period; i. e., we retained 168 men out of 635 whom we had hired on that basis. Then we adopted a new policy and got 78 per cent of successful men; in other words, out of 684 men, 539 are still in the business.

"What changed the proposition? A very simple and practical thing. We put the men into the field before we put them into the school. Some men do not like our business and quit before they get to the school. Some we do not desire, and we let them go before they get to our school."

The Curtis School

The same principle of an ante-school test is applied by the office school of the Curtis Publishing Company of Philadelphia, having from 900 to 1,200 office employes. The candidate is given several simple educational tests. If favorable marks are obtained, the candidate is put under the observation of teachers, and if that test is passed, the candidate goes into the school to be given instruction in the manual of the work to which he is to be assigned.

National Cloak and Suit School

The general office manager of the National Cloak and Suit Company, New York, said:

"Our school is attended by:

- 1—New employees who attend school to learn the work for which they are engaged.
- 2—Old employees who attend to perfect their knowledge of their work.
- 3—Old employees who attend to learn a new subject (being ready for promotion)."

All the work is manualized. Each position in the office has its manual; *i. e.*, standard practice instructions, as it would be called in factory parlance.

This company has worked out a plan of efficiency whereby each clerk's work is appraised twice a year, and the efficiency of the clerk automatically raises her salary.

The Larkin School

The vice-president of the Larkin Company, Buffalo, employing from 750 to 950 in its offices, says of their school for the training of office workers:

"Our office school confines its efforts almost entirely to teaching the making and keeping of sales records, the writing of letters, and the keeping of correspondence relating to sales. This includes, in general:

1. Mastering official abbreviations.
2. Use of office manual.
3. Knowledge of the physical arrangements.
4. In and out mail routine.
5. Readjustment of orders.
6. Recording and billing.
7. Handling order files.
8. Routine for refunds and reimbursements; unidentified remittances, due bills, and rewards.
9. Handling of requests to catch orders, and orders for short stock.
10. Credits and collections, sales bookkeeping.
11. Advertising routine in sales departments.

12. Order correspondence, including the holding of orders for credit approval and for information of customers.
13. Reading of mail and preparing it for answer.
14. Answering damage complaints, shortage complaints, and non-deliveries.
15. Handling correspondence file and other files."

The outline is given here to show how many things in an office routine can be standardized.

As a matter of fact every manager does have some ways of "handling things," but no one in his employ is sure how he is going to apply his way at any given time. He does not know himself. The exceptional man keeps true to what he thinks is a good way, with the aid of people who have "grown into his way."

They might have been just as proficient in six weeks as they now are in six months and more frequently in six years if the manager had applied a bit of his school experience to everyday life.

The fixing of selling, or any other standards for that matter, calls for nothing but the finding of those certain facts which are common to all practice of similar results.

Applied Psychology of the Victor Talking Machine Company

The Victor Talking Machine Company says several things in a little pamphlet for distribution among the retail salesmen, which give an idea of how applied psychology is penetrating the fields of business:

"Think Victrolas and you will sell them.

"The whole secret is in your mental attitude.

"If you are a Victor dealer and not enthusiastic over the Victrola, your mind is not in the right attitude. Your eyes are not wide open. You are not thinking high enough.

"A man does business and sells goods on the same plan on which he thinks. If you think of the Victor as a toy, you'll do a toy business. If you think of it as a mere talk-

ing-machine, you'll do a talking-machine business only. But if you think of it for what it really is, as an exponent of the true art of music, then you will step up and get your share of the Victrola sales.

"Don't let today go by without thinking seriously on this subject.

"You have the instrument, the prestige, the endorsement; you have the backing of the Victor Company with its high-class advertising, appealing to the most refined and critical class; you have everything except possibly the right thought. Have you got that? If not, just get that into your mind. Give your enthusiasm a chance to break out and warm up other people. And you will sell all the Victrolas you want to."

Globe-Wernicke Doctrine

The Globe-Wernicke Company apparently believes in the same scientific principles. They recently sent an article to the retailers:

"It is necessary for the mind to lie fallow once in a while, simply to get into a receptive or impressionable condition; otherwise the gray matter becomes hardened and difficult to till.

"Then again, a mind that only raises the same crop of ideas year after year, is not the kind of intellect you and I care to cultivate.

"We desire something broader and more humane, a greater diversity that permits us to see life from many viewpoints and at many angles.

"The unfettered mind is likewise the imaginative mind, and today it is the imaginative, creative mind that succeeds in business.

"As you look around your store today, has it the same atmosphere, the same earmarks that it had ten, fifteen, or twenty years ago?

"Then it is time to get out.

"But don't make the mistake that the necessary inspiration for improvement can be gained by attending a market or convention.

"An exchange of ideas is all right and speeches are all right, but even more important is to get all preconceived notions about business out of your mind by complete relaxation and change of thought."

So two great organizations, conspicuously successful, subscribe to the great principles of efficiency—thinking, testing, formulating, applying, studying, absorbing, standardizing—and follow Mr. Patterson in the scientific application of the principles.

Investigations That Mislead

Even physicians take a good deal for granted and frequently prescribe on suspicion. Managers give investigations into the incompetent hands of men who, neither by education, training, or temperament, are capable of a scientific handling of their investigations either as to facts or conclusions, and so are lured to disaster by reports, of whose inefficiency they never have the slightest suspicion.

It is only within the past twenty years that we have had any enlightened acceptance of the idea that accounting audits by outsiders are business-like. Even today these audits are made, not with the idea of checking efficiency, but only of checking accounting methods. Some people think, however, that if the audit shows that their profit and loss statement is correct, it is a guarantee of the efficiency of the management. Of course it isn't anything of the sort. One line of product may be losing money and another carrying that loss and paying dividends in addition. Accounting audits do not check the factory, sales, or office efficiency, for accounting auditors seldom know when the sales practice or factory methods are weak.

Facing the Facts

We must look facts in the face—that is our crying, yelling necessity. We must fight to find facts, in order to build up the truth. Darwin, in explaining his method of obtaining the facts on which to base his conclusions, gives us an idea of what has been done to get at facts in the sciences.

Darwin had the whole realm of nature to classify and arrange. A business man has but his business.

The great naturalist says:

"By collecting all facts which bore in any way on the variation of animals and plants under domestication and nature, some light might perhaps be thrown on the whole subject. My first notebook was opened in July, 1837. I worked on true Baconian principles, and, without any theory, collected facts on a wholesale scale, more especially with respect to domesticated productions. * * * When I see the list of books of all kinds which I read and abstracted, including whole series of Journals and Transactions, I am surprised at my own industry. I soon perceived that selection was the keystone of man's success in making useful races of animals and plants. But how selection could be applied to an organism living in a state of nature remained for some time a mystery to me."

The prime requisite, therefore, is to find the facts, be sure of them, and then let the facts lead you where they must. You must make your personal preferences step aside; you must forget yourself; you must wish with all your heart to find the truth, no matter how hostile the conclusions may be to your own idea of what the truth should be. Be fair to yourself and to your work.

If you want to learn whether you are making money on any particular thing, look for the truth about it—but be sure it is the absolute truth, for that is the only way you can ever make money. It is a baffling mystery why there are so many business men who make absolutely no effort and thereby refuse to know the whole truth about their work or business.

The scientific standards of truth enforce continual self-criticism.

There is no place for "maybes" or "almosts," or indefinite approximations, but only for the facts, the bald, raw, bare, unblushing facts.

The Spread of Efficiency

As education grows we believe less in signs, omens, inspiration, and luck. To the ignorant such a purpose appears subversive of their treasured personality and individuality, just as if the trained horse didn't have as much "individuality" as the half-wild bucking broncho of the plains.

As Renan was "a dull duffer" to a sapheaded young English nobleman and as Sainte-Beuve was a "stupid old senator" to a beautiful actress who had heard him at a dinner where she had been eclipsed, so the great thinker in all affairs of life is a "highbrow," or an "uninteresting jay" in the eye of the ignorant.

In spite of this, however, the gospel of efficiency spreads, because the youthful mind and heart of Hope have come to understand that it is the purpose of efficiency standards to discover sensibilities and to deepen them, to encourage the incapable as well as the capable, and to separate the producers from the non-producers, the thoughtless from the thoughtful, the weak from the strong, the opportunist from the systematic, the narrow from the broad, the deep from the shallow. It is the purpose, in making these distinctions, to make gains for both: In other words, while efficiency calls for a wise selection of material, it will make all conditions better fit men—by the simple process of keeping men from putting themselves in the wrong place.

This is surely a problem practical enough to be recognized as important by the most sordid of those minds which dwell with thoughts fastened to the earth.

PART VII

Who Says So?

CHAPTER XXIII

THE ONE-MAN FALLACY

The greatest present need is an antidote for the unwillingness of men to profit by the previous experience of others. It would be amusing, were it not so expensive, to watch the gropings of many corporation officers for methods to test efficiency. Ignorant of fundamental principles, intolerant of outside suggestion, unable to detect the analogy in other undertakings, they repeat the expensive experiments of the past.—CHARLES DELANO HINE.

The Walsh Tragedy

Three important Chicago banking institutions were forced to close their doors on the 18th of December, 1905. The aggregate deposits were close to \$26,000,000 and the capital was \$1,600,000. They represented the banking interests of John R. Walsh.

Back of the simple announcement of that huge failure, which brought consternation to the banking interests of the West, was the slow evolution of an inevitable catastrophe from the activities of a now disappearing system of one-man banking.

John R. Walsh was the fine flower of individualism carried to that extent which made the laws of the Medes and Persians seem like the time-serving of a Machiavelli; he was the embodiment of the one-man idea; he was a type by no means confined to banking, for his forceful, active, aggressive individualism is the pioneering power of all new countries. The strength of the one-man system, when practiced by the rare genius, is the source of its weakness in the hands of the man of commonplace

talents. It is the rock on which so many successful businesses split when they grow into larger things. Such a man is a strenuous type, because he has a big capacity for work. But he lacks efficiency in management in the sense of accomplishing a result at a minimum expenditure of time, labor, and money.

Autocratic Rule

A man who studied his methods said: "When John R. Walsh failed to do a necessary thing his system made no attempt to overcome the fault, and it wasn't done. If he forgot an important detail or if he misinterpreted the development of a line of action, he had no standards by which to set himself right; he had no assistants; he was the boss. It was easy for him to conceive the idea that his way was always right and his judgment infallible, and in consequence his decisions admitted no appeal. His way was always right, his word was law, and, of course, that was a breeder of violent personal prejudices. Criticism among his people of anything he said, did, or thought was *lese-majesty* to be swiftly punished by banishment. His organization represented the perfect fruition of the 'get-out-or-get-in-line' policy, the 'line' being the personal judgment of John R. Walsh. Loyalty to his institution was tested by how well you did the bad as well as the good things that Walsh wanted done. He was the beginning and the end, the top and the bottom of the commercial bank, the savings bank, and the trust company. No loans were placed, no favors granted, unless he personally approved them."

A writer told this story soon after the failure: "A man who had \$700 in the bank went to Walsh for a ninety-day loan of \$1,000; that is, he walked into the bank, saw the cashier, laid down an insurance policy for \$5,000

on which the premiums had been paid for eight years, and asked that a thousand dollars be advanced upon it. Now in all that vast institution, with its exquisite paintings of historic Chicago scenes, there was not an individual who dared to say on his own responsibility without first securing the consent of Mr. Walsh, that the loan could be made.

"A \$15-a-week clerk could have decided the matter on the security offered, but he would have lost his position. The would-be borrower waited two days before he could reach Mr. Walsh personally, and then the loan was made." *

The Why of Walsh's Failure

The reason for Walsh's failure was thus given by the President of the Illinois Trust and Savings Bank of Chicago:

"It was really due to the effort of one man to carry too much without the co-operation of the wisdom and judgment of others."

There is the *reason*; the result was that Mr. Walsh was financing too many outside enterprises; he had taken on too many things for his capital of brains, time, and money.

He believed that he could do anything.

John R. Walsh was a success, in the popular sense, for a long time. The success of the Walsh banks brought comfort to the rule-of-thumb man who pointed to him as the great exemplar of "the man who did things." The growing complexities of modern business, the inflexible, changeless, iron law of life were too much for John R. Walsh. He failed and went to jail, and was hastened to his grave, because he observed neither the laws of efficient living nor of society. He paid the penalty.

The one great principle of efficiency ignored was co-

operation with the wisdom of others. Napoleon failed in the end for the same reason.

In his early life Napoleon sought Truth, eagerly, passionately, and fought always on her side, but in later life he came to the conclusion that Truth was on his side.

The Marshall Field Way

If John R. Walsh had been scientific instead of individualistic, he would have realized that one man couldn't know everything. It has been given to no man in the world's history to know so much about everything or anything that he could live a life replete with success and never listen to counsel. The president of another national bank of Chicago at the time of the Walsh failure, in developing this principle of efficient business management from the story of the failure, pointed out the difference between the business methods of Walsh and Marshall Field:

"Perhaps no more glowing tribute to the success of the late Marshall Field can be paid than the fact that he drew into his business the brightest brains that he could command, and used their judgments in forming his own. He always made use of practical suggestions and improvements in business methods, and his wonderful establishment was the result. This rule applies rigidly to banking. Every individual connected with a bank should be made to feel that it is within his power to contribute something to its success. It may be by contributing to its system; by bringing in new business; by discovering new fields for investment. To continue to run a bank on one-idea, theory or will, is no longer possible."

The same principle which guided Marshall Field was voiced by Andrew Carnegie when he said: "I can choose others to do work better than I can do it." Wanamaker has often said the same thing, and in his first years actually paid some of his expert heads of departments more

than he was drawing out of the business for himself. On the contrary, a certain manufacturer of a medical specialty said, recently: "I want an advertising man who thinks as I do." This stupidity was offered as a contribution to the philosophy of management. This same proprietor forbade his advertising manager to join any association or club because "he didn't want his methods discussed." Of course no self-respecting advertising man can have anything to do with such a manager.

A Man Who Couldn't Grow

In talking to an old friend, whose business bore evidence of increased prosperity, he said to me, "As long as I had a little three-man-and-a-girl business I made money; but now I have nearly one hundred people, I feel poorer than I ever felt in my life." Like many executives, he had organized his business in its small beginnings on the basis of himself. All its system, all its buying and selling in the old days, flowed through his careful hands. Just as soon as he had to delegate authority, the waste commenced. He did not know the mechanics of big business, he had no way of putting his personal experience to work to guide others. When he had a little business, he had employed little men; he had not learned how to employ big men when it came to be a big business. He didn't get men who were as good in buying as he had been. Hence, goods were not bought at the right prices to make an easy market, and often the wrong goods were purchased and had to be sold at a sacrifice. He didn't get a credit man who made it a point to know as much about each customer as he had done, and credits were badly handled. He didn't go among the customers as he had used to do, with a smile and a cheery "good morning"; his customers had become ledger pages to him; the mag-

netic attraction of his individuality had been lost to the business.

The incompetence that bought wrong, and then extended credit where it should not, and restricted it where it should have been freely given, made reports that did not hit the mark; and the old boss had no way of knowing the right from the wrong. To save himself, the whole business was run on a pinch-penny basis. Present-day profits were being made by pinching progress out of the business. As a result of a six-hour heart-to-heart talk, my friend sent for an accountant and a merchandising specialist. In four weeks he was made to realize how badly he had been treating his business. He had been working on the try-and-fail idea; when he tried a thing, he kept at it until it failed. He got no standards of experience and no principles from these experiences. If under his practical way of looking at things a condition arose, he tried to remember what he had done before; he had no principle to follow. It was a matter of memory, of management by imitation. This is typical of hundreds of cases where men do not realize that they must buy better men than themselves to do those things that have grown larger than their knowledge.

How Others Can Help

In another case, a manufacturer upon whom I urged the necessity of having an expert look over the advertising, which had been sadly mismanaged, said, "I can't see how an outsider can come here and tell me how to advertise. What does he know of my business?" I said to him, "You didn't build your house, did you? You didn't make your Steinway piano, you didn't paint the Corot that adorns your walls, nor weave the Kermanshah that covers the dining-room floor. Yet these things are

yours because they express in some way the intangible perfections or imperfections of your own heart, and will, and mind—your choice. This advertising will reflect your personality, if you can get the right kind of an outside expert, because he will get the things out of the business that are *you* and that are yours, and will interpret them in a way the public mind can grasp, know, and believe."

Advertising

Experts are looking for the vital principle embodied in a course of business growth. They are not looking for a chance to do something that will permit them to do again what they did for another. In advertising a commodity, in the use of which a public needs to be educated, I never think of the article or how it is built, but I think of what it will do for retailers—for a certain class of retailers—and then I proceed to tell those retailers of what it has done. I do not take the same stories possibly nor use the same means to reach them, as I did for something else I wished to sell to retailers.

The principle is: Purchasers more often buy an article for its possible use than for the mere possession of it.

The methods of application may be as numerous as the sands of the sea, but the principle is always the same.

The Concrete Case Delusion

But most practical men do not see principles—which they sneeringly refer to as “generalities”—they can see nothing but a concrete case, the most dangerous, insidious *ignis fatuus* of the business world.

The practical man has a headache from an upset stomach and takes a bit of soda and water; he is relieved. I have a headache from eye-strain and take soda and water

at the practical man's urgent request, "because it always relieves *my* headaches."

Of course I retain my headache.

There are lots of remedies for sour stomach given to a business suffering from eye-strain by "practical men who have no time for theories."

The following editorial from a technical journal reflects the attitude of the average practical man toward scientific principles:

"A confusion of ideas and a fallacy of argument appear in Mr. Warren S. Stone's address before the National Civic Federation, at its recent conference. Mr. Stone is quoted as asking, as to an advocate of efficiency:

"'Has he ever shoveled coal into a locomotive? No; and yet he makes the assertion that the railroads waste half their coal. I have shoveled more coal into locomotives than could be piled on two of your city blocks.'

"To measure a man's knowledge of possible economy in fuel combustion by the tonnage of coal he has shoveled is a good deal like testing the skill of an architectural engineer by the thousands of brick he has laid, or better, taken up the ladder. Has he ever carried a hod? No; and yet he asserts that steel construction is more efficient than brick!

"There have been many betterments in the efficiency of fuel combustion in stationary steam plants during the past twenty-five years, and the best today probably saves half the coal used in the good average practice of a quarter-century ago. The waste of fuel was due to imperfect apparatus, appliances, methods, knowledge—not to willfulness of the firemen. None of the betterments was made by the men who shoveled coal through the fire doors. None of them has increased the labor of the men who shoveled the coal. Many of them have lightened that labor. None of them has lessened the number of jobs for firemen wanting work. On the contrary, the reduced cost of power has increased enormously its use and the number of firemen employed.

"If similar improvements had been made in locomotive firing, so that one city block full of coal could do the work of two, Mr. Stone's labor of shoveling would have been only half as exhausting, while his pay would have been the same. The other block full of coal would have been conserved for productive uses, employing other men. Mr. Stone's job would have paid just the same, and some other man would have got a job at equal pay shoveling the other half of the coal. The value of that second city block of coal would have remained in the railroad treasury to do useful work, employing more men. It is hard to see how even from the most selfish interests Mr. Stone can so savagely insist upon shoveling that second city block full of coal, and refusing to have any one save it or save him from the 50 per cent of useless, profitless waste."

The Man Outside

This typical so-called "practical" attitude among many business men has done more to retard the legitimate progress of business than any such handicaps as lack of capital, fluctuations of credit, or indifferent demand. It has been determined that not five per cent of the increased efficiencies in business have come from inside the organization with which the business started. The greatest progress has either come from the permanent importation of talent that developed entirely outside the business or from the employment, for a greater or less period of time, of outside experts or scientists, who have brought to some particular problem or part of the business management a scientifically tested and adjusted experience.

"Do you realize," asked a president of a corporation recently, "that no large corporation has ever been revolutionized from the inside?" I am told that Mr. Rockefeller rarely went to the oil fields; Mr. Carnegie knew little about steel; Mr. John H. Patterson spends months in Europe away from his huge Dayton plant; Mr. James Gordon Bennett manages *The Herald*, as Mr. Joseph

Pulitzer managed *The World*, from abroad. Mr. John Wanamaker spends much of his time abroad, as also did Marshall Field; and so does a Boston department store proprietor who says that he must study other businesses at least three months every year in order to manage his own business properly the other nine.

The great corporations now send their department heads away on educational trips to look over other plants, study other businesses, get ideas for use in the home business. A soap manufacturer from Indianapolis found an excellent idea for his shipping department in a Troy shirt concern. The little concerns, in the second and third generation of family ownership, rarely do this sort of thing. The new ideas in management rarely come from such organizations, either.

An engineer asked the other day:

"How long do you suppose it would have taken for the average engineer, operating a boiler in a plant, to find out that by the distillation of bituminous coal in a by-product oven, there would be obtained sufficient gas and tar to produce ample power in internal combustion engines, while leaving the fixed carbon in the form of coke for metallurgical and household purposes, besides saving the sulphate of ammonia for use as a fertilizer, and avoiding all smoke production?"

Yet Dr. Rudolph Diesel found out all about it, and Doctor Diesel was just a mere scientist who was not particularly interested in whether or not engineers used the results of his investigations.

But, for some hundreds of years, we have been buying coal by a mere quantity test, the crudest and most inefficient method, because it has been only within the past few years that we have made any step to rate coal by its calorific power, and even now, hundreds of thousands of tons of inefficient coal are being paid for by our factories

as though it were efficient, and they will continue to be paid for as long as the rule-of-thumb men are at the head of factories yelling for tariff protection rather than for the protection of a more perfect knowledge of what they are trying to do.

Don't Jump in the Dark

The important things we must keep in mind in testing any line of our business activities are:

First—Is the present method inefficient? How do I know? By comparison with present experience in my shop or business, or by comparison, scientifically tested for accuracy and conditional environment, with exactly similar requirements in another business or other businesses which may be entirely dissimilar in product or purpose from mine?

Second—If a condition needs readjusting or toning up for a gain in efficiency, *what* should be done, and *who* says so? The most important thing is the last —*who says so?*

Henry O. Havemeyer, late president of the American Sugar Refining Company said, a few days before his death:



"Business men fail because there are a lot of them who are fools. We are all born fools, but some of us educate ourselves out of it.

"There are two influences always at work upon a man; one urges him to use his common sense, the other urges him to 'jump in the dark.' They don't know what they are doing half the time. They guess instead of know. They are fools because they attempt to do business without *knowing* it."

It was rather drastic comment, but it represents the thought of a big man who had grown up; and we do not

have to be unduly pessimistic as to the quality of our fellow-men to be convinced that Mr. Havemeyer's words, "guess instead of *know*," cover the point of failure for most of us.

It is obvious that the one-man business is in constant danger of getting beyond its depth in strange waters.

CHAPTER XXIV

RATIONAL BUSINESS METHODS

I believe that the great majority of executives in this country are not more than twenty-five per cent efficient, measured by the standard of performance of the comparatively few really efficient ones.—MELVILLE W. MIX.

Think, Then Act

Art is long, for we live with so little knowledge of the real value of what our fellow-man has done. We are so loyal to the old, old "try and fail" process of finding out things that art is too long for us and time spins our brief allotment with nothing but disappointment at the end. It is therefore vitally important in following the counsel of another that *you* know that *he* knows how to apply the efficiency principle to men as well as to things. As already stated in previous chapters, the first requisite is to think for yourself, and after you have thought through things into some rules of the game, test your application of these rules by the use-standards of common sense. After you have reduced all to use, be open-minded to the experience of everybody and keep your rules in constant revision, while maintaining a loyal singleness of purpose towards the whole gospel of efficiency. After you have decided on the thing to do, be loyal to that conclusion and *put it to work*. I hope we have realized by now that the practice of each part of this gospel must include every other part.

The Purchase of Brains

The man who most needs guidance is the man who doesn't know it. If it has never occurred to you that you

need other counsel than your own infinitesimally small experience, stop! look! listen! Be sure that you do not know; or better still, be convinced that you ought to find out. John H. Hanan, the shoe manufacturer of Brooklyn, supported the same principle when he said, "You will always find that the successful business man is the individual who surrounds himself with *brainy* men. He considers the *quality* of an employe of greater importance than the salary paid. He is willing to buy brains. He seeks the initiative and knowledge of others. He purchases men who build up an organization that moves along irresistibly."

Napoleon, when he was meeting reverses in Spain and when he was compelled to give his entire time to the diplomatic difficulties with Austria, cried out in one of his dispatches: "In warfare men are nothing; *a man is everything.*" Most of us will admit this to be a generality, but did you ever think about it as a principle applicable to you and your business today? Did you ever find out how many men in your establishment could qualify as "brainy men"?

Men are measured by two things—initiative and judgment. How many men of initiative and judgment have you? How many of the men in your establishment have started anything on their own initiative, or have successfully carried through with efficiency and profit anything anybody else initiated? Have you any system by which you can check those men so that you know what they have done well and what they haven't done? If you haven't, you don't know your business. You are playing the game the Walsh way and not the Field way.

If you admit that there is a difference which appears to be fundamental and vital, between the one-man method and its inevitable application of the "try-and-fail" prin-

ciple of success, and that of the expert helper who has won many notable successes, with his classified results of trials and failures, may it not be a good idea to examine the principles governing the use of experts? I have quoted a few of the experts whose successes have not been due to chance. The records of Havemeyer, Hill, Morgan, Carnegie, Field, and Wanamaker are written on the commercial pages of the world. They need no further endorsement than your own good sense; or, for that matter, the try-and-fail standards. Read what they have done; get the authentic facts of their daily work, the principles and results of their systems of management.

Interchange of Experience

All business is feeling the necessity of more accurate information about its various activities. Within the past decade the interchange of credit information has saved millions of dollars to wholesalers, retailers, and manufacturers. At first it was considered the acme of the stupid idealism of the theorist to ask for such information. We found that it was better to be safe with our competitor than sorry alone. A great deal of the experience in sales, advertising, and office departments, relative to the management and selection of the salesman, the use of media in advertising, and the handling of devices in the office, could be exchanged to the benefit of all. This is being developed in spite of such men as the medical specialty manufacturer above referred to. Under present business conditions community of effort is necessary, for many carefully guarded secrets which are already possessed by more than one concern, are being independently acquired. If every one of these concerns should contribute to the common stock of knowledge, its small investment would

more than be returned by what it would get from all other sources; and brains would have a chance to do the big things.*

The small man, whether he is in a big or little place, thinks his secret method is so vital to his business that it would be suicide to divulge it.

The amusing part is that the "secret method" is generally the common property of almost everybody in the business, and yet everybody is busy trying to prevent the other fellow from knowing it! Too many business men, especially in the large centers, treat their ideas and systems of management much as Portugal formerly treated her dead kings. The kings of Portugal are never buried. The coffin of the last dead king rests on the large catafalque in the old Monastery of St. Vincent de Flora, in Lisbon, until the death of the next king, when it is removed to its permanent place in the national pantheon. So many business men embalm the systems and methods of their business in the winding sheet of sacred tradition, then place them in the Holy of Holies of the Good Old Times, but never put them away finally until some other system, method, or principle has been killed by unsuccessful practice, when it takes its place in due rotation of form, but never is it entirely forgotten by the standpat intellect.

Mixed Accounts

An expert accountant told me the other day that mixed accounts were the bane of his work in making audits of many concerns. Another accounting expert wrote of the merchandise account:

"The debit side usually contains (a) goods on hand at the beginning (say) of the month, (b) goods pur-

* As the Harvard Graduate School of Business Administration has demonstrated during the year 1912-13 through its researches in the retail shoe business.

chased during the month and the direct cost connected with them, (c) goods sold and subsequently returned by customers. Items (a) and (b) are cost values and item (c) is a selling value (a different thing altogether), consequently their summation is a mixture and tells nothing definite of the business. The credit side of merchandise contains (a) goods sold and (b) goods purchased and later returned; again (a) is a selling value and (b) is a cost value, and their sum is a confusion. Furthermore, the direct balance of merchandise is absolutely meaningless; it is neither asset, gain nor loss, nor anything else distinctively."

Now let us see the principle which would prevent such practice:

"In a well kept account, the sum of debits for the month should signify a definite fact about the business, the same being true of the credits; and the balance of the two sums should be an asset, a gain or loss, or some other definite thing."

The Counsel of Perfection

Where shall we go to find the counsel of perfection?

To the counsel of the individual expert.

Let it be understood, and, if necessary, admitted that there are quack experts in business as in medicine and in law. There are men who will promise for a price to cure a business of any ills. There are other men who will not promise anything. They will devote their trained energies and tested experience to help solve certain problems that you want to solve and will probably turn up some problems you didn't know existed. There are always two kinds of systems in any organization: a system of operation and a system of management; and the two must dovetail, but one cannot take the place of the other. There may be too much system of operation with too little system of management with the consequence that foremen in the factory and the managers of sales, advertising, and office departments will be reduced to reporters.

Give the Expert a Chance

The expert who comes with a ready-made panacea for all your cost troubles embodied in a set of multi-colored forms with complete printed directions, is in the same class with the astrologer who wants to know only the date of your birth to turn loose a set of multigraphed sheets telling you what you are. The "expert advertising counsellor" who prepares a list of publications, before he has studied your fields of demand, who talks learnedly about "national markets," and of his "strategy boards" which have never been inside your business, never studied the statistics of your business nor your line of demand, is a faker. To find out what your expert knows, give him a chance, try him on some simple things. If you find him picking out the nice, easy, soft, obvious things that are apparent to any man of common sense and bringing them to you in elaborate typewritten form, in binders tied with pink tape, pay him off. If he lets you talk, if he makes you talk, makes you give up facts and figures that "you never thought had anything to do with the matter"; if you find him quietly going about the office, nosing into records, watching typewriters and clerks with his little memo pad in his hand, chatting with heads of departments—or even if you find him apparently doing nothing but looking out the window—give him a couple of weeks at it. Talk the work over with him; make out a list of your problems; give him a list of the subjects on which you want light, but do not tell him what you think the trouble is; argue that out when he comes with his thoughts on the subject. It is generally the man who has the suggestions to make the first day who has little real permanent help to offer you.

But remember, the very fact that he doesn't belong to your business, the very fact that your business is dif-

ferent, is sufficient reason why you should give him a chance. In point of fact it is not the things that are different in your business that make it efficient; or may it not be that those very things make it inefficient? The trust company of Germantown, whose old president refused to have typewriters or adding machines, was different from most trust companies, but did the difference make it efficient? Do not expect the sales expert, who comes in to give you a new idea on how to organize your sales territories, to do your advertising also. He probably doesn't know anything about advertising; whereas the expert worthy of the name must know a great deal of sales work before he can become an advertising expert in any sense of that much tortured term.

Do not expect your accounting expert to give you a method of conducting your business; he doesn't know anything about methods of business production. His function is to give you an accurate reflection of what you are doing, not an idea of how you should do differently in order to get a better result to be reflected.

The Qualifications of the Expert

The expert is the man who combines:

1—Concrete experience in the field of his work and is thus a practical man to the extent of his previous, personal, concrete experience.

"The singed cat dreads the fire," is the homely expression of "practical, personal, concrete experience" for the cat's benefit.

The small advertiser who spends a thousand dollars for advertising and has nothing but the receipted bills to show for it, stops before he tries it again. He blames the advertising, if he has had but little experience; blames himself, if

he has had more, and in isolated cases would have better sense than to try it at all, which brings us to the next element in expertness:

2—A wide knowledge of men, methods, society, art, and science, by which the man is able to call upon more than his own experience for help. Thus an advertiser who knew of the successes and failures in advertising, would have the aid of their million dollar experience to guide him in his thousand dollar campaign.

In this way the expert, far from being a specialist in the narrow sense, must be the most catholic minded of men, and draw food for sound judgments from all fields of art, science, and life.

In a recent talk before a class in advertising, my good friend, Frank H. Little, of New York, said:

"There are times when an advertising man needs to know all of physics, all of botany, all of zoology, all of chemistry, all of mechanics, all of history, all of geography, all of soils, and all of meteorology. There is, I believe, no knowledge under the sun which an all-around advertising man may not find a way to use some time in his work.

"But he must know selling and he must know psychology, however he may arrive at it and whatever he may call it. He must have that instinct which will tell him (on top of hard work) that this road or that is a safe one to follow."

The Work of the Expert

When you decide to use the outside expert, don't introduce him to your employes with the suggestion that he is the original Mr. Wiseheimer who is going to re-make everybody into a new and efficient unit in the business. Let him come as the gentle dew from heaven, to fall on the just and the unjust. The greatest good you can get from the ex-

pert is from the cutting out he does, for you want to find out the actual conditions in the business. Don't flinch. The attitude of your mind toward the expert is important. Don't "dare" him to find something the matter with your department or your pet system of handling deliveries. Encourage him to find what he can. Your attitude must always be one of inquiry; it must be open to progress. There must be the mastering desire to be perfectly sure that what you are going to do is the right thing to do.

The expert mind is always open to new ideas. Experts, when they come to deal with things requiring the best experience, depend upon the most expert of their number. The Association of Automobile Engineers, early in the development of the automobile business, found that they were seriously handicapped by the hundreds of different sizes of screws, grades of steel, sizes of tubings, etc., used in the manufacture of machines. They soon set about standardizing. They took from all their membership the different men who knew most about these different things. Mr. Souther, the steel expert, for instance, was given the task of standardizing the formulae and heats, etc., for the kinds of steel used for specific purposes. Thus all other engineers were able to arrange and specify formulae that they could be sure would produce steel which would meet the requirements of their specifications.

Mr. Souther gave his brother engineers this information freely. In turn some gave their special knowledge of carbureters, others of other parts. Steel tubing, for instance, was originally made in three thousand sizes. It is now made in less than three hundred. Engineers found that those three hundred sizes met all requirements. Dies for drawing steel tubes cost a good deal, especially when the tubing is ordered in small lots. Standardization of such things through the co-operation of the automobile engineers lessened detail,

lessened losses, lessened costs, work, and worry, and has produced a wonderful saving for the automobile industry. This could not have been accomplished if any one company had endeavored to accomplish it, but the expert experience of all, centered on the solution of the problem, produced efficient results.

The same method must eventually be applied to the standardization of information about the quality and quantity of the circulation of media for advertising, and in sales methods; and, when managers bury their childish ideas of "valuable secrets" and get together and exchange experiences, they will arrive at standards for the reduction of losses and wastes as these automobile engineers have done.

Measuring the Expert

All "experts" are not expert. It requires some standards by which to measure experts, as rather expensive experience will show.

A certain company placed on the market an excellent device for the reproduction of typewriting; and, by dint of some excellent advertising, created a national demand. Their advertising was handled on a basis of known results. It had been profitable within a few months after its initial work. A disagreement as to sales policy arose among the stockholders. Some, who had no experience with the marketing of a specialty, thought the very modest advertising expenditure was a "foolish waste of money." Despite the fact that the stock had increased in value beyond the dreams of the promoters, they could not resist the temptation to "save" that advertising expense. The sales manager and several others retired from the organization.

Along came a young man who pooh-poohed the idea of advertising. He said, "The idea of a duplicating concern using space in magazines when they are trying to convince

the public that the best kind of advertising is done by circular letters!" Which, of course, was not a good reason at all. The board of directors were looking for that young man, and they enthusiastically employed him. He would show them how to do the trick, he said, by direct work through salesmen. He asked that the advertising appropriation be discontinued, and a smaller amount of money be allowed him for "sales promotion work"—where the rose had a different name. He sold the idea, although he had no reputation on which to base his claims, no previous record to bear witness to his right to confidence. It was an idea fundamentally wrong; against all experience, even against their own.

Nobody asked, "*Who* says so?" Doubtless the wish to "save" the advertising appropriation was father to the thought that it could be done. In nineteen months the sales of the company had fallen to such a degree that the new sales manager was asked for his resignation. The company came back to first principles and started in a larger and better way than ever to apply the advertising poultice to the irritated demand. The business came back, because a good thing cannot be killed. The advertising appropriation, of course, is larger than it ever was, because it has to regain lost ground. In the meantime, competition has obtained a foothold, and the best the old company can expect is to divide the business.

Where an Expert Was Needed

A certain manufacturing company decided to develop an entirely new line of prospects among retailers where the new commodity had never been used. The prospects were totally unfamiliar with the product. The sales force of the manufacturer had never sold the retailer the product. A sales quota was fixed and given to each man of the force.

Now, before you can sell anything in any quantity, either the salesman or the prospect must know what it is good for. In this case the salesman didn't know how the retailer could use it; and the retailer did not know what it could do for him. The result was, of course, a failure to make sales.

The salesmen should have been trained in the exact method of handling the retailers with the entirely new line of trade. Before that even, the ground should have been broken with the prospects by a well-considered advance campaign of education among them to bring out the possible uses of the machine. A man with an expert knowledge of retail conditions would have been worth many thousands of dollars to that house if he had been permitted to do the work in the way it should have been done.

The sales manager of this house was of the strenuous sort—full of the “Hoop-la! Come-on-boys” style of leadership which is good for something after the organizing has been done. *Who* said the adopted plan was right?—was a question no one asked. If they had, it would have been easy to query the value of the idea, and then put it to the acid test. It was as full of holes as a fly screen, but nobody asked for an expert test.

Supplanting a Bad System

How the same principle works is illustrated in an office where standardized accounting instructions were the rule. I had an experience in an office where the entire accounting system had been outgrown. An outside expert worked over the new system for three months, elaborating the scheme of accounts. After consulting with each of the heads of departments and with those who audited accounts in the firm's name, to get all the data on old practices which had accumulated for ten years, he sent definite instructions to each head of a department, with the table of account num-

bers. In twenty-four hours the new system was working, and, by having the expert on hand to explain exceptions and misunderstandings during the first five months of its application, the system worked out with little hindrance, and with a tremendous gain in efficiency.

Before it had been a game of push and pull, as it always is in the inefficient organizations where changes are effected by issuing orders from the general manager to the head of the department. The head of a department tells his assistant; the assistant tells a clerk; and, if there is anybody below the clerk to do it, the one who receives the least amount for his brains is finally expected to do it right. Orders always come down to the simple question, "*Who says so?*"

This system is entirely wrong, but it is much more prevalent than you may think. If you are the head of a business, stop and think how many times you have done it. Stop and think how many times you have told the advertising manager to advertise in some particular medium or arrange an advertisement along some particular line without giving him the slightest conception of what you had in your mind when giving the order. You have no right to expect that your advertising manager is a guesser as well as a doer. How many times have you told a certain clerk behind the counter that he is "lacking in tact"? Probably he doesn't know what tact is. He doesn't know what you mean. Have you ever shown him what tact would have been under the conditions? Have you gained any respect for your authority by such methods?

Isn't it inevitable that he should ask, *Who says so?*

A Standard Practice Book

Typical of the advanced practice in leading factories, shops, and offices, the Griffin Wheel Company, Chicago,

makers of car wheels, have a Standard Practice Book in which they tell with the minutest detail the best way to do everything in the making of car wheels. The different lines of practice are printed on loose leaf sheets. All officers, foremen, and inspectors are required to have a thorough knowledge of this standard practice. When pages are recalled for changes, the new sheets indicate by special marks the changes that have been made. This practice is passed upon by the experts in the employ of the company and reflects their best thought and experience. Each employe feels the confidence that expert authority gives to the instructions.

The question, "*Who* says so?" is answered, "The expert who knows more than I do about this work."

The efficiency expert entering an organization, comes with the idea of applying efficiency principles to the details of the work; he goes deep down into the ground, into the foundations, like the tree that withstands the storms; it busies itself with its roots first and for several seasons after planting may not show off well, but when it has taken hold it makes shade and bears fruit. The inexpert planter, wanting shade and fruit with as little delay as possible, forces the tree to bearing and it dies like the hot-house plant which has been forced for an Easter flower market, because it hasn't gone deep enough.

Establishing a Schedule

The expert works on a schedule. In a large establishment, where the printing bills ran close to \$300,000 a year, a young man, who had been trained in the Cornell Engineering School, was placed in charge of the printing department because of five years' experience he had had in a job printing shop before taking up engineering. He established the rule that all orders must bear a date for proof and a date for final finishing. This schedule was always arranged at the

time the order was given. Orders finished on time were paid a small bonus, and after eleven months of patient work the brow-beating and persuasion of printers were eliminated, and schedules did not vary more than a fraction of one per cent. It wasn't more than half the printer's fault that there were delays. The manager saw to it that dummies were arranged by an expert in his department, and that all copy was read for errors and changes, and checked for accurate descriptions, etc., and was O. K.'d by the reviewing authority *before* it was sent to the printer, instead of being sent to the printer in rough copy and then the necessary checking and approval done on the proof. The consequence was not only a gain in time efficiency, but a saving of nearly three per cent in costs, which represented the charge for time spent in corrections.

The organization of a battleship crew is one of the most efficient in the world, because every man is trained by an expert. Every order is instantly obeyed; discipline is perfect; and the most acute minds among the officers are concentrated upon the elimination of the fraction of a second in the handling of the work. Every act is scrutinized and timed.

The Side Drift

The rule-of-thumb man who operates entirely by his own observation is a good deal like Sir John Franklin, who started for the North Pole. He traveled the necessary distance over the ice to his first place of camp; on taking observation he found that although he had made the required distance, yet he had drifted in another direction nearly 200 miles. Mr. Vaniman, the engineer of the Wellman Trans-Atlantic balloon expedition, told me that it was this side drift that knocked out all their calculations. The expert navigator takes account, not only of the direction in which the ship's

nose is pointed, but of the side thrusts of the currents as well.

The expert in business, who has a certain objective in the increase of production, has to watch the side drifts of increased cost of deterioration of quality for each unit. The executive, with an objective point of greater efficiency through open-mindedness to new ideas, has to guard against the side-thrusts of misinformation which may land him high and dry far from his harbor.

Beware of Misinformation

A writer in one of our advertising publications recently made some definite statements of the relative pulling powers of letters addressed by typewriters, by addressing machines, and by hand. The comparative statement sounded quite plausible, but when analyzed it was apparent that the test was not made under any rules of scientific observation; therefore his conclusions were not safe guides.

The value of the idea frequently becomes less when we ask, *Who says so?*

Another writer says that "Only 40 per cent of circular letters are ever read." He indicated no scientific foundations for any such claim. We may well ask in any such cases, *Who says so?* It may be assumed, however, that scores of advertisers have made changes in their methods which are traceable to such superficial statements. So the man looking for that definite information in which he may place implicit confidence, must be cautious to know by what authority of evidence, experience, and accurate tests his guides act and speak.

Is not our patience tried every day by the wise ignoramus who passes snap judgments on things of which he knows absolutely nothing? It is impossible to "reach him" with any reasonable statement because, as Emerson discovered

long ago, "You can't argue with a man whom you have to educate at the same time." There is nothing to work with; it is void to begin with. As Archimedes said he could "move the earth if he had a place on which to rest his lever," so we need education as the fulcrum by which to move men to higher and greater realizations.

CHAPTER XXV

SCIENTIFIC PRINCIPLES APPLIED TO BUSINESS

There are many more false facts than false theories, because people do not test and try what they hear or see, to be sure that things are what they seem.—A. F. RIBOT.

A Story of Cravats

In a series of articles contributed to a popular science weekly,* Waldemar Kaempffert told the following incident to show the value of scientific research work to the business man:

"A Saxon manufacturer of silk cravats found that his orders were steadily diminishing, although the season and the market were both in his favor. He made an investigation and discovered that his customers were buying silk cravats from a Prussian manufacturer at a price 50 per cent less than that at which he could produce them. To the Saxon's eye and touch the cheaper cravats were as good as his own. He could detect nothing in the material that could explain why cravats exactly the same in appearance should be sold at two widely different prices. He spent a month in thoroughly overhauling his factory. He found that he was buying his raw material at the lowest possible prices; that his wages were not higher than they should be; that his overhead charges were not excessive; and that his organization was good. Yet the fact remained that the Prussian was underselling him, and was apparently making money.

"The Saxon was an expert in cravats—at least he thought he knew all about them, because he had been making them for the better part of his career. Yet for the life of him he could not explain why it was impossible for him to compete with the Prussian. One day a salesman of his suggested that it might be well to have the Saxon and the Prussian cravats scientifically compared by the König-

**Scientific American*, New York

liches Material-Prüfungsamt, the Royal Laboratory for Testing Materials at Gross Licherfelde, near Berlin. The examination would cost little and might explain the mystery. As a manufacturer, the Saxon was convinced that he knew more about cravats than any scientist in any government testing laboratory, and that his trained eye and his sensitive thumb were more to be relied upon than lenses and chemicals; still he consented. Samples of the Prussian and Saxon cravats were sent to Gross Licherfelde. Two weeks later he received a formal report. His own cravats were pure silk. The Prussian's cravats were half genuine silk and half artificial silk (nitro-cellulose). A chemist and a microscopist, neither of whom had ever made a cravat in his life, had not only discovered in an hour or two a deception that a manufacturing experience of thirty years had failed to note, but even revealed what particular process had been used in making the artificial silk employed.

Science and Business

"It would not be difficult to relate a hundred instances such as this, all of them typical of the work done at the most remarkable testing laboratory in the world. At Gross Licherfelde I saw not only cravats undergoing a rigorous scientific investigation, but chains, girders, paper, textiles, wood, dyes, copper, rubber, ink, typewriter ribbons—almost every kind of material that is used in our daily lives. Sometimes, as in the case of the Saxon manufacturer of cravats, the manufacturer was puzzled by a rival's success; sometimes he found himself with oxidized metal or faded goods on his hands, unable to discover the cause of the defects; sometimes he thought the customs officers had wrongly appraised his importations, because they had misjudged the character of the material; sometimes he wanted to know which of several raw materials should be employed for a specific purpose and was unable to decide himself.

The Royal Laboratory

"The Royal Laboratory for Testing Materials works hand in hand with the German industrial. For a sum of money that must seem slight to Americans, it places at his command a staff of two hundred and twenty-two men, seventy-two of whom are technically trained and the high-

est authorities in their respective departments of science. These men have at their disposal an equipment that includes the best obtainable apparatus for testing and analyzing any given material.

"In Germany, indeed in Europe, the Laboratory is regarded as a court of last resort in matters involving the application of science to business. It is frequently difficult for a scientific man in the employ of a large corporation to deliver an absolutely impartial opinion on his firm's product. Inevitably there is a tendency to underestimate the products of a rival manufacturer and to view his own with favor. There is no such tendency in the Royal Testing Laboratory. Every chemist, every engineer, every microscopist, every physicist, is a government official, and, as such, he is enabled to assume an absolutely impartial and judicial attitude toward the problem given him for solution. Indeed, impartiality is insisted upon, not only in the testing and examination of materials, but also in the phrasing of the reports submitted to an applicant for information. The manufacturer who can use one of the Royal Testing Laboratory's colorless opinions for advertising purposes would be miraculously ingenious. To restrain him, however, from exercising too freely what average ingenuity Nature has endowed him, and to prevent him from quoting with approval a report which is many years old and not at all applicable to his present goods, the director of the Laboratory refuses to furnish certified copies of opinions more than one year old, and sometimes goes to the trouble of checking up advertisements in which reference is made to the favorable opinion of the Royal Testing Laboratory."

Corporation Research Laboratories

This story reflects the typical attitude of German business, which uses science and the scientist because it has found it pays. It is hoped that under the inspiration of enlightened business our government will make larger appropriations for maintaining and widening the work of the Bureau of Standards on the principle of Gross Lichterfelde.

The more efficient corporations are definitely concerned about the future. They want to know the real force of com-

petition, the value of competitive goods; and they dedicate some of their best brains to laboratory work to prepare for the day after tomorrow.

The research work of one electrical manufacturing company, it is said, costs a half million dollars a year. One specialty house spends \$275,000 a year; another over \$100,000 in the same time. The whole object is to insure the future.

I know a house which receives an average of one idea a day from inventors. Some are paper inventions, while others have elaborate models. There is a committee in that house which gives careful thought and examination to every one of these ideas. "We never know," said the president, "when or where something better than what we have will appear. We can't afford to take chances."

Men in charge of these laboratories, research departments, inventions departments—they go by different names—are always scientific men, electrical, mechanical, civil, chemical engineers; sometimes they are elaborate organizations; and again, but one or two men; but always they are the thinkers, the prophets, because the constructive imaginations, the theorists are today looking after the future of the hundred million dollar corporations.

These corporations want to know what is going to happen ten, twenty years hence. They'll take care of today's problems, but they must hire the type of expert who penetrates the future. There is no such thing in big business as "a man ahead of his time." Great corporations must have tomorrow planned today.

As one of the managers of a company said to an inventor:

"We want men like you. It is easy for us to get good, faithful, plodding scientists. They all have their place, and we couldn't do without them. But the diffi-

cult thing is to get men who will think differently from other men, *who won't be carried away by precedent*, but will strike out new and original lines for themselves. Out of this we get our development. The difficulty is to discover men with imagination, who dream dreams and then harness up science to make them real."

The American Telephone & Telegraph Company has a large staff of laboratory and engineering experts, "competent," as President Theodore N. Vail said in his report for 1912, "to keep abreast of the modern progress and *find out how to utilize all of everything*," how to get "the large gross production at small margin of profit."

These things are after all nothing but an attempt to find out who says so and to test the validity of his judgments when he states them.

"The Mayor's Eye"

The government of a city is a business. In a city like New York, the Mayor, whom we shall liken to a General Manager, has thirty-four departments, which employ 60,000 men and women and which spend \$250,000,000 a year. In the early '70's, Boss Tweed nearly ran away with the town; hence the legislature in 1873 established the Commission of Accounts, which cost in 1910 about \$219,389 to maintain. This commission is composed of experts who are supposed to keep watch and guard over the city's expenditure and to increase the efficiency of that expenditure. In a little book published under the title, "The Mayor's Eye," a most interesting exhibit is given of the value of this commission's work. The important lesson to be drawn from this exhibit is that not only does the commission perform the ordinary functions of an auditor of income and disbursements, but it employs experts to test the value of what the city buys in materials and services. There should be a "Boss's Eye" in most shops and factories and offices.

So the City of New York has its efficiency laboratory in which "services are valued."

Market Statistics vs. Market Guesses

To hear the average man learnedly discuss tendencies of markets and business or talk about the effect of short crops and of certain legislation, is to see illuminating sidelights on the fallacy of the majority of human judgments. That there are fundamental principles on which the great cycles of Prosperity, Decline, Depression, and Improvement turn, the history of two hundred years proves beyond a reasonable doubt. But to anticipate these cycles, to be forewarned, to be prepared, to know what is past, what is present, what is to come, the business man must be able to realize the fundamental laws at work. To depend on the comparative statistics of the marketplace, or your own business, is to be the victim of rapid fluctuations which have nothing to do with larger tendencies; on the other hand, fundamental statistics and comparative statistics together, give the best results.

Rodger W. Babson, the statistical expert, working with the figures on twenty-five fundamental conditions, says that they show the tendencies of markets and people. Some think such diagrams are like the horse racing charts and dismiss the idea as chimerical—a conclusion which does little credit to their education in economics. There is not a great financier from the Rothschilds, Barings, Morgan, to the wide-awake country banker who does not study such fundamental statistics.

The average American is too much in a hurry; he wants to make a "quick turn" in wheat, cotton, railroad stock, or in land. The men who have made great fortunes have bought and sold on the basis of twenty-year periods. Mr. Babson speaks in one place of men who purchased high-grade securities outright to the extent of \$5,000, and by

selling in the years of plenty and buying in the years of depression, which could be anticipated by the study of fundamental statistics, cleared \$250,000 in twenty years. This study of fundamental statistics is not confined to financiers or bankers or stock brokers, but sales managers and credit men are studying them and making plans for the year after next, based on the plain tendencies reflected in the tables.

I speak of these facts here because those who have not studied such things are prone to believe too much in the idea that life and business just rush on and on in the hands of a special providence which in some inscrutable way takes care of us.

Follow the Rules

The fundamental laws which govern the success of any business are wrapped up in the principles of efficiency. Every successful business man must practice some of those principles. The most successful business men practice all of them; and the more they are practiced, the more successful the business. A business man who doesn't practice them is inefficient to the extent to which he ignores them. He cannot escape the penalty. You may call the principles by whatever name your fancy suggests, but you must play the game according to the rules. Just in proportion as you know and are skilled in application, or have the capacity to hire skill in application, you will succeed. Just because this is a new idea advanced in a new way, let no one hesitate, for ideas are ruling the world more than ever in its history. In fact, the idea is as old as the everlasting hills. Moses brought some of these principles to the Children of Israel on a certain memorable occasion when they were worshipping a calf reared by a practical man, who wanted something "tangible." Carlyle once sat listening to the chatter of a lot of men about the man of ideas and how ineffective he was.

A pause came and the hard-headed old Scot cut short further observation: "Gentlemen," he said, "there was once a man called Rousseau. He wrote a book which is nothing but ideas. People laughed at him. But the skins of those who laughed went to bind the second edition of that book." That book was "The Social Contract," and the skins were tanned in the blood and agony of the French Revolution.

The Men Who Block the Way

It is an age-old fight by the man of ideas, of systems, facts and figures, against the man of brawn who works with his hands, or his feet. It is an age-old struggle between the standpat intellect of the "man from Missouri," and the man of dreams who looks into the future and sees things that will not come to full fruition until the day after tomorrow. The standpatter has to answer for some of the greatest evils of the day. The good he prevents is greater than the evil the most impractical theorist has to answer for.

Everyone of us needs self-confidence. But there are two kinds: (a) The kind which causes us to make no effort to better our condition, because all our time and strength is taken in preventing others from bettering theirs. (b) The kind in which the men whose opinions are worth while agree with us.

The number of advertising managers who resent proffers of help on the part of experts in printing, advertising, and designing, is beyond belief. I have before me a letter so unusually candid; yet so typical of the closed mind, that I quote it: "I have no doubt that a firm which incorporates within itself the combined experience of so many wide-awake advertising men could be of assistance to our people and make many valuable suggestions as to how we might improve our advertising and get more results. But under no conditions will I consider your proposition, because we

are getting along pretty well as we are going on, *and anyway, I want all the credit of whatever success our campaigns may enjoy, myself. I don't want to share it with anybody.* I am paid to do such work." Such a man with such an advertising policy is a menace to any institution that employs him; yet there are many times too many such men acting as sales, advertising, and accounting managers. Most of them take their attitude from the head of the house who resents suggestions.

They resent outside suggestions. With their minds cribbed and cabined by the force of rigid circumstances, they keep their business powers and work confined to the narrow channel of their personal interests and desires, and think that in doing so they are nurturing that blessed bluff, their individuality.

Recognition of the Expert

A change is coming over the American business men. Education, dearly bought in our competition with more scientific competitors is forcing it. The increase of the professional spirit toward work at a desk or a machine is everywhere enlarging the vision of men and bringing them into closer contact with each other, which fellowship is making for greater efficiency.

Fifteen years ago the professional accounting expert was "a bookkeeper out of a job." Today he commands from \$25 to \$200 a day for a result that is worth the price. The advertising manager of ten years ago was a man of ink, hired to do the lying for an advertiser who was afraid of the hereafter. Today, he is counseling close to the throne, and can drive his own automobile.

The professional sales expert, the efficiency engineer, the office expert, are all coming into their own. The business manager finds that he needs them and their scientific attitude

towards all details of his business, for they are making good. Out of this condition is coming a philosophy of business, which is reflecting itself in that social, financial, and business life of the country which is now making so seriously for a knowledge of the value of what is doing, and towards higher ideals. In such a scheme, individuality has a greater, and a broader, and a better growth, for we have ceased to act on the cynic's epigram:

"Believe nothing you hear and only half that you see," which has been changed to, *"See all that is right, hear all that is true."*

PART VIII

Thinker, Doer & Company

CHAPTER XXVI

THE EXECUTIVE ORGANIZATION

In management the arbitrary must always yield to the essential—it can't help it—if it does help it—it goes to smash just as surely as science decrees it.

Beware when the great God lets loose a thinker on this planet. Then all things are at risk. It is as when a conflagration has broken out in a great city, and no man knows what is safe or where it will end. There is not a piece of science but its flank may be turned tomorrow; there is not any literary reputation, not the so-called eternal names of fame, that may not be revised and condemned. The very hopes of man, the thoughts of his heart, the religion of nations, the manner and morals of mankind, are all at the mercy of a new generalisation. Generalisation is always a new influx of the divinity into the mind. Hence the thrill that attends it.—RALPH WALDO EMERSON.

Capital, labor, management, and the co-operation of these three are what tend to the greatest success in modern business.—WALTER H. COTTINGHAM.

The Man Who Got Things Done

One morning a young man, whom we shall call Jones, stepped into the office of General Manager Brown, of an old, very respectable, and well-rated concern in a New England city. Jones had a difficulty—some of his work had been carried forward to a point where it required the co-operation of a clerk in the sales department. That other clerk had other work to do, and Jones' work was at a standstill. It was not in Jones to wait, so he had to "take it up front."

The general manager was displeased at the complaint. "Mr. Jones, you seem to have a great deal of difficulty with the men in the sales department. You should get along better with them."

"I could very easily," calmly replied Jones, "but I would not get so much done. I am not finding fault with the clerks; it is the method, you see."

Now the "method" was the general manager's pet.

"What's the matter with the method? It has been a pretty safe and effective method that has brought us from \$50,000 a year to \$50,000 a month, Mr. Jones," replied the general manager with an air of having squelched such disloyalty. Mr. Jones smiled a cool, calm smile, as he looked the G. M. straight in the eye: "Don't you think it ought to be pensioned off for good and faithful service?" he asked.

That was impertinence, *lese majesty*, and a gross breach of discipline. "That will do, Mr. Jones; leave these papers with me," frigidly replied the general manager.

Jones didn't move, but flushing a bit, he added: "As I am leaving this week, Mr. Brown, I may offer you a bit of advice. You began by paying me \$20.00 a week; then you raised my wages until now I am getting \$40.00. You said I was 'a good man because I got things done.' It never seemed to occur to you to find out how I got them done. Let me tell you now. I 'got things done' by browbeating my inferiors, by cajolery of my equals, by pleading with my superiors, by helping others do their work when they didn't know how, and by breaking all the written and unwritten laws of your fifty-year-old business—by daring to do the things others said I'd be fired for doing. You do not know this; that, too, is a criticism of your sacred and antiquated Method.

"I never should have been compelled to do any of those things in that way. Every man in your employ should get

a chance to do anything that he can do, the best way it can be done. You owe that to yourself as a manager and to the stockholders as owners. I came to this business, representing my father, a stockholder, to find out why you were losing out to competitors. I know now. You are living in the day before yesterday; when there was no competition and no brains in the business. There is no place here for me, because there is no place here for any man who thinks; only for those who will worship the name over that door and who will work in the rut of the mouldy precedents of a by-gone day, and who will accept your fiats as the laws of God. Personally you have been most courteous and kind, but I cannot afford to work for you. Good day, Sir."

The general manager, red in the face and boiling over, started to speak, but Jones had left the office. This true incident from the life of a fifty-five year old president of one of our fairly successful corporations, often referred to as a typical example of the old type organization, describes the fundamental weakness of the old school of American business; *i. e.*, inability to graft new ideas on the old line organization.

What did the general manager see in that episode? Did he ask himself—Is this true? Is my method wrong? Of course, he did not—he saw nothing but a shocking, almost unbelievable breach of discipline.

Beginning Reform at the Top

In the first chapters we saw the necessity for founding the whole striving towards efficiency in the conduct of business, on established facts and deliberate, purposeful *thinking* about them.

Early in 1913 a society,* at that time having a num-

* The Efficiency Society (Inc.), New York, reported in the January, 1914, number of *Greater Efficiency*, the organ of the Society.

ber of manufacturers as members, made an interesting research among them to find out how their plants were organized. Thirty-five plants made detailed reports to the committee. The result was illuminating, for it showed a remarkable lack of knowledge of "the mechanics of organization," to use the committee's phrase. The conclusions, six in number, all ring variations on one simple and well established fact, apparent to all observers of commercial and industrial conditions, that, in the words of the report:

"Taking into account, as a normal condition, that the flow of influence in an organization is from the top down, it would seem evident that increased efficiency will be soonest secured by applying efficiency principles initially to the personal operations of the managers, rather than to those of the workers, as has so often been done."

A board of directors in a large corporation settled as a fixed principle that it would never adopt a recommendation the first time it was made. "If it is good it'll keep," said a director, "and the man who made it will come back if it's important."

Managerial Mistakes

In our everyday life we rarely find exceptional thinking linked with exceptional doing in one man; and again, we find great thinkers who have failed to get the thinking reflected in the doing of the work.

We find successful doers intolerant of rules; they don't want rules. Their organizations are a good deal like Topsy who "just growed." "Sufficient unto the day is the evil thereof," is a favorite maxim with such men, and the consequence is that no day's result is ever an unmixed good. Most of such doers are at the head of relatively small businesses, or larger businesses having a monopoly, or of de-

partments in badly organized businesses where results are not carefully audited.

The head of the one-man-power organization is generally a worshipper of the doer type. This type of manager is constantly pulling up beets to see if they are growing; and if the growth doesn't satisfy the necessities of the hour, he throws the beet away, with the consequence that all the rest of the garden has to be abnormally productive in order to overcome the waste caused by the gardener's methods.

One very large specialty organization has been handicapped by this sort of management for years; it has been so close a follower of scientific principles in other methods, with the exception of the one-man-power, that it has survived and waxed large, but has returned only a comparatively small profit to its stockholders.

A House Divided

Another company with a pay-roll of \$30,000 a week has never had a plan of organization; no two heads of departments have ever been found to agree on the duties of their respective positions. The departments overlap, interfere with one another, and the consequence is that friction, similar to the Jones incident, is constant. It is not the fault of the market, the article, or the personnel; it is the fault of an organization that has not been properly functionalized.

Generally this fault arises where the managers of a business do not know the requirements of the positions they have to fill. "Oh let it work itself out," said one manager to me, "we don't want a lot of titles about here." For seven years three department superintendents in that business have been at loggerheads, yet the general manager has ducked and dodged the inevitable readjustment. He has "hoped things would work themselves out," but they wear men out, throttle initiative, and breed cliques in the process. This

arises, as Walter Cottingham of the Sherwin-Williams Paint Company says, "from thinking about things instead of men," thinking about titles instead of bringing our knowledge of men to bear on the problem.

What difference does it make whether you call a man Manager of the Waste Baskets or George Washington Jones? He's on the pay-roll, isn't he? If you gave him a title with a definite statement of duties, he'd know and probably take a pride in doing his duties where he now has no particular motive to do anything well.

The Planning Department

In every business there is talent and brain-power going to waste because it is misplaced. Some is misplaced because of defective organization; some because the owners do not know what they can do best, and it is no one's duty to discover the round pegs in the square holes and readjust them.

Hugh Chalmers once remarked that it was just as important to utilize the brain power of an organization as it was to use the heat units of a ton of coal or get the full return of hours a day from each man. The suggestion system was one of his systematic attempts to gain that end.

We must have an organization to co-ordinate the inside brains and the outside experts, to weld the conclusions of the men who think into the work of the men who do; so that the methods arranged by the expert accountants, the production engineers, the sales experts, may harmonize with the requirements of a profitable day's work. We shall find the rough formula for such an organization to be:

First—Thinkers—experts who are able to arrange a definite plan of procedure and prepare instructions by which the work may most successfully be done.

Second—Doers—skilful men who will take these plans

and instructions and do their several parts so that when finished, these parts will exactly fit into the perfect whole.

Third—The Public—from which we get the right to serve its requirements and the inspiration to anticipate them; and which, therefore, plays the part in an organization which belongs to the final arbiter of its destinies.

Thus we have what we may say is a modern scientific organization for doing business, and this organization we shall call—rather obviously—“Thinker, Doer & Company.” There seems, at first, to be a very artificial distinction between the Thinker and the Doer, because every successful man must be both. So he must; but as a matter of experience, we know him to be very much more one than the other. It is to remedy this defect of over emphasis that we propose to carry systematically into the organization and conduct of business the experiences from all sources—nature, politics, the army, and science.

It will be the duty of all to think and do; but to go a step further, it must be the special duty of those who have the greatest capacity for planning and thinking, to do so for those who are best fitted for other work; in other words, to bring the whole up to the efficiency of a part. “But,” says the auditor, “that planning department, where the thinking is to be done, is going to be an added cost.”

Let Dr. Taylor answer that as he did before the American Society of Mechanical Engineers:

“It must be borne in mind, however, that with the exception of the study of unit times, there is hardly a single item of work done in the planning department, *which is not already being done in the shop*. Establishing a planning department merely concentrates the planning and much other brain work in a few men especially fitted for their task and trained in their special lines, instead of having it

done, as heretofore in most cases, by high-priced mechanics, well fitted to work at their trades, but poorly trained for work more or less clerical in its nature."

C. E. Knoeppel, the production engineer, says:

"Given a plant and equipment with an organization to handle the work, the manufacture of all that is designed by the engineering department and sold by the sales department can be handled to the best advantage, only when the details instead of being considered independently by each department, *are controlled by one function* which can consider each detail in connection with all the others and act as a 'clearing house' for all information in any way affecting the manufacturing."*

This same idea is used by the Curtis Publishing Company in directing office help, and by many companies in the management of salesmen; it is used also by a daily increasing number of manufacturers in the handling of their workers.

The process should be applied to sales departments, where it is sadly needed.

Is it not a silly system which keeps a salesman at *selling* goods when his originality and imagination are constantly working out new ways to sell goods to entirely new lines of prospects, and when he could be put to work to teach fifty men how to increase their sales?

The burden of scientific management is to make men more productive for themselves and for the business.

The Taylor and Emerson Systems of Scientific Management

There are several schools of scientific management, varying more as to methods than as to principles. There is a distinct school headed by Frederick W. Taylor, the father of scientific management as applied to factories and production, and another led by Harrington Emerson, the man who pro-

* The Practical Introduction of Efficiency Principles, by C. E. Knoeppel, *The Engineering Magazine*, July, 1914.

duced such phenomenal results for the Santa Fe Railroad, and whose philosophy of efficiency can be applied to any of life's activities.

Dr. Taylor follows the principle of completely function-alizing all work. He makes an analysis of any work into its ultimate elements; then an expert takes these elements and finds how they can best be handled in a definite way by the average person. If, for instance, he wanted a girl to address envelopes, he would make an elaborate time-study of all the motions used in handling envelopes. The girl would then be given complete written instructions in the best way to handle the envelope, from the movement by which she takes it out of the box, until it is ready for mailing. She would be drilled in that work by an expert until she became proficient.

There would be one forewoman in the department handling such work, who would look after nothing but that particular work; her work would be constantly to improve the handling of envelopes.

A comparatively low price is paid the workman that fails to produce the standard amount of work in the standard time, fixed by the expert, and the rate is increased for each piece or unit done in less than the standard time.

The principal objection to Dr. Taylor's method is that it lacks "humaneness"—it accents the machine idea of the worker.

Mr. Emerson's method, on the other hand, makes use of the line and staff principle of organization; *i. e.*, Thinkers and Doers. The staff is composed of experts who instruct the principal line officers in the best methods of handling the work, and they in turn instruct the people below them.

The staff idea is simple.

Mr. Emerson speaks of the white mice which are a part of the equipment of every submarine. They object to leak-

ing gasoline or escaping hydrogen. "The shrill squeaks of the mice call attention to the danger, and the commander who neglects the warning renders himself liable to court martial. Yet the mice exercise no authority, and the commander has no personal knowledge. It is staff knowledge acted on by line authority that conquers danger."

The Emerson system appears to be more humanly applicable to methods now in vogue, because it proceeds gradually to perfection. The Taylor system requires a strong initial confidence in its ultimate success, as it necessitates a great amount of preliminary study; then the system must be adopted in its entirety and this often requires a complete, revolutionary re-organization of the work.

Even the methods of approach of these two men, to the subject of business organization, are fundamentally different. The Emerson idea is to take a business much as you find it and, by the application of exact methods to the work of all employes, ultimately to raise the efficiency of the whole. As efficiency is raised, the method by which it is done obtains greater popularity and energy. Workers will come more into harmony with its spirit and thus the developed idea will become part and parcel of their outlook and thoughts and acts.

In approaching the Emerson or Taylor methods it is necessary to eliminate the idea of a cut-and-dried system. By a cut-and-dried system, I do not mean formulated principles, but the idea that any method, expressed in some certain kinds of forms, cards, cabinets, or timeclocks with which some panaceas are exclusively identified, can be called scientific management.

Efficiency Principles Fixed—Methods Vary

The factors that have to do with *things* in any organization, may remain much the same; but the factors that have

to do with the human element are those which will vary the most. Both Mr. Emerson and Dr. Taylor realize that the human factor is the vital one.

It must be admitted at once, that efficiency principles are fixed, while efficient methods must vary, and it is only with respect to the *application* of methods that businesses are different. Principles are exactly the same in Wanamaker's in New York, as they are in Sidney Brock's in Oklahoma City. It is important that we get the distinction between these two things; *e. g.*, the principle that adequate rewards must be paid to all our employes is definite and fixed, but the method may vary from a day wage system to a bonus and reward system.

When it comes to applying this principle, we may find that a stenographer worth \$15 in a wholesale grocery business is not worth more than \$10 in a foundry. So it is necessary to know the concrete ways in which the application of the principles to your business, must vary from their application to any other business.

The average, inexpert business man can no more tell, and justify the telling, whether he is paying too much or too little, than I can tell whether it is a disordered stomach or an eye-strain that is responsible for your headache.

The chemist knows before he compounds a prescription how much of each ingredient he is to use, how long he must macerate this or that ingredient, or let a liquid percolate; he is acting on scientific data. So the educated man is not content to copy a result or a method, until he is familiar with the causes that made it efficient.

The American Line Idea of Business Organization

American business is organized on one idea; *i. e.*, the old military system of organization, General, Colonel, Lieutenant Colonel, Major, Captain, Lieutenant, etc., down to the

sergeants and corporals, so that as long as there are two men in a command there is one who will be boss and another, the bossed.

Now, as long as Smith ran a country store and bossed the job, his ability as a buyer and salesman made him a success; but when he went to the city and started a department store, he had a different problem—that of financing, distribution, and competition in which he had had no experience to help him solve his difficulties.

He did not know what made him a success; hence he had no theories, no standards, and no principles by which to measure men. As long as he had personally dealt with things; *i. e.*, goods and dollars, and then with the man on the other side of the counter, he had progressed. Now that he had to play the larger rôle of man-maker and handler, the old practices would not fit. The days were soon far too short, because he was trying to do everything. He could not see *departments*, he could only see the sales; he could not see *men*, he could only see Sally Laces or Joe Rugs.

When he was a sergeant with a squad, he was all right; but when he became a general of a brigade, he was lost; he couldn't think Brigadier General thoughts.

"We find," Harrington Emerson said;* "in the vast majority of industrial organizations, autocratic authority at the top which doesn't work through definite principles or policies or understandable orders, but whose word is law, and whose yes, or no, or nod of the head is the final and arbitrary statement of all information."

The way the line idea of organization works is to hold each one below the head of the business responsible, according to order of precedence, for the proper execution of a command, without the head exercising any discretion as to whether it should be directed to the assistant manager or to

* "Efficiency," Harrington Emerson.

a mere clerk, to insure proper attention. This reminds one of the young man in the bank who, when asked what his job was, said "I am the doer; the president tells the cashier; the cashier tells the teller; the teller tells the bookkeeper; and the bookkeeper tells me; and, because there is nobody else to tell, *I do it.*"

The Work and the Man

Follow some of your orders from yourself to the doer. Analyze what you are really starting when you tell your assistant to see that a certain thing is done. Has the man who is actually going to do that work, ever been instructed how to do it with the least cost to you? If a great deal depends upon how it is done, isn't it silly to expect a blind man to "carry a message to Garcia," no matter how willing and brave and resourceful he may be? yet surely it is no more silly than to ask your bookkeeper to establish a cost system in your factory or to assume that, because a man has sold a lot of goods, he can teach others how to sell. The work of leader is generally given to a man who has little to do, or to a man who "gets things done." Isn't it a fact that there is no scientific way in your office or factory of being sure that the man who is most capable and efficient in a certain kind of work will get that work to do?

What is the remedy? A scientific organization in which there will be experts, outside or inside your regular organization, to plan the work and to train your employes to do it in the best way.

The average organization has three parts:

First—Financial

Second—Manufacturing

Third—Commercial

These broad divisions are sometimes charted, as in the

National Cash Register Company or the Chalmers Motor Company, into other "pyramids" or columns. Mr. Patterson of the former company, prefers the "pyramid" form of graphic-charting—the organization with the president at the apex and the workers at the base; because he says "the ordinary business is a pyramid, all depending on the boss." I do not know that I shall quarrel with Mr. Patterson's comparison, except that I believe that all is dependent on the head of the business, and his chart exhibits the brain in its usual anatomical location.

The Planned Organization

The organization which just grows, as most of our American organizations do, is, as a matter of course, lacking in design, coherence, and harmony; because these things are no more a product of bringing a crowd of men together in a business than poetry is the result of bringing words together in a dictionary.

There must be design.

From design will come organization based on functions, which have for their object the operations by which the design becomes materialized.

But this is not enough. Management has not yet performed its final function—that of auditing the performance, to ascertain three things:

- 1—Is it what we need?
- 2—What did it cost?
- 3—Is it worth it?

Most management is lacking in design scientifically adjusted to marketability of product.

"I have a thousand cars without fore doors," bewailed an automobile manufacturer in the summer of 1911. He had not forecasted the influence of foreign styles. Manu-

facturers generally know the cost, but few know the value, of their performances.

A manufacturer, making a part at a cost of seventy-one cents, boasted that he was making it for one-half of what it cost him one year ago. Across the street he could have bought it for forty-nine cents.

The difference lies in the organization of the management.

Cost keeping is not efficiency any more than bookkeeping is financing; but in most organizations the cost department functions as an audit of factory efficiency, and yet it does so without efficiency cost standards.

Where such methods obtain a foothold, however, we find paper profits, dry rot, and re-organizations, because balance sheets alone have never been safe guides for management.

Fatal Economy

"We were deceived by a penurious secretary," said a stockholder after the obsequies. "When others were spending money for advertising, we 'saved' it; when others were increasing commissions to their salesmen, we told our men how great we were; when our competitors were lowering prices, we were talking about quality; our balance sheets were all right until we struck the toboggan. Then it was too late. We had 'saved' ourselves into bankruptcy. Our secretary was a good credit man; he was a wizard at figures. As a credit man he was worth five thousand dollars a year; as a purchasing agent, probably nothing; and as an auditor of the values of the work of our sales, advertising, and promotion departments, he hasn't been worth ten dollars a week."

It was the failure of the one-man business again. The management wasn't functionalized. The ten-dollar-a-week

sales knowledge of a five-thousand-dollar-a-year credit man was used to check up a forty-eight-hundred-dollar-a-year sales manager. The result was a catastrophe.

Elements of Good Management

The basic principles of all rational management are simple. A. Hamilton Church puts them very clearly:

1—Systematic use of experience

He does not say personal experience, but *all* experience. The secretary just referred to failed to use any but personal experience. He drew on his ten-dollar-a-week sales and advertising experiences and got what was coming to him.

2—Economic control of effort

The main purpose is to conserve energy, not to waste it, because energized time is what you pay for.

3—Promotion of personal efficiency

“Rational Management,” as Mr. Church calls it, does not expect workers to find out how. Rational management knows that only the exceptional worker, no matter what the spur or reward, will win without help. Rational management plays averages. George J. Whelan, president of the United Cigar Stores Company* said that it was the business of his company to look after the feet of their clerks, because no clerk with aching feet can do justice to his work. The U. C. S. Company gives its clerks a share in the sales, not the profits, because to give them a share in the profits would put a premium on selling the big profit goods. “We don’t want,” said Mr. Whelan, “the profit on the goods at the expense of the profit on the trade.”

* Interview in *Printers’ Ink*, New York.

CHAPTER XXVII

THE LINE AND STAFF SYSTEM

Nothing should be ordered which it was conceivable could be carried out by the proper officers without orders.

—VON MOLTKE.

*And indeed it may be set down as a general rule that lack of Efficiency in any plant is, in the main, chargeable to the executive organization rather than to the workmen. * * *—BENJAMIN A. FRANKLIN, "Cost Keeping and the Executive."*

If you think a thought worth while, I beg you, Man, jot it down.—ALFRED HENRY LEWIS.

From the shores of Galilee, the banks of Avon, and the leafy lanes of Concord there still issue greater forces than proceed from our largest modern cities. We may live and rest in the assured faith, that whatever may seem to rule in this nation, the Thinker is, and always will be, our Master.—JOHN CALDER, Engineer.

Line and Staff Organization

Wherever you find a successful business in a highly competitive field, you will find it due to highly developed thinking.

But the three column formation is simply a functional division, too frequently without co-ordination. The present need is to carry the functioning further into the work of each of the three great divisions, financial, manufacturing, and commercial, and more particularly into the manufacturing and commercial. Of these, the only one that has so far not been the subject of real scientific treatment is the commercial.

In answer to the problem of co-ordinating the three column formation, we have the staff-and-line scheme of organization.

First—The Staff (Thinkers)

Composed of experts, not officers in any department, each of whom knows all about some branch of the company's business and of other businesses; and hired specialists, such as accountants, production experts, market experts, advertising experts, and office experts, who may be permanently employed, on part-time contracts, or merely consulting counsel.

Duties—To determine the most efficient methods of doing the work.

Second—The Line (Doers)

Composed of the department heads, assistant heads, and employes so arranged according to definite lines of authority as to have someone always in charge of each line.

Duties—To execute the orders of the staff in the manner prescribed, and to make use of the expert assistance of the staff whenever unusual conditions arise.

The Staff Idea

An army staff makes use of the brains of the army for the benefit of all. A captain may know more about artillery than the general of the artillery brigade. That captain is called to staff service. An advertising man may know more about the analysis of markets than a general manager; yet in one large corporation he was not even made a member of the sales committee. A factory foreman may know more about the heat treatment of steel than a factory manager.

The line can always furnish stories of officers who have to take lessons from the ranks.

Business must meet such conditions, as von Moltke met a similar emergency for Prussia by organizing a staff of experts.

The work of the staff may be summarized as follows:

First—To lay down the plan on which the business shall be developed; then to determine the department which shall carry out each part of the plan.

Second—To determine to what particular men shall be assigned each particular work, and to prepare standardized instructions by which it shall be done most efficiently; *i. e.*, at the greatest saving of expense, worry, and effort.

Third—To arrange a just system of compensation to reward the most efficient and to penalize the inefficient.

Fourth—To surround the workers with the mental, moral, and physical conditions which expedite work.

Fifth—To prepare a code of principles which shall embody the policy of the house towards outsiders and insiders.

Sixth—To prepare a system of promotions, so that employes may know what advancement awaits them in case they make better than good.

Seventh—To show by charts and explanations of the organization at large just what part each employe takes in the general scheme.

Eighth—To lay down rules for the conduct of the entire organization; and if any man, from the general manager up or down, is permitted to break these rules, to fix the rules so that the exception may be cared for.

Ninth—To make every man, woman, and child in the organization understand that there is a certain person

to whom he or she may go for guidance in the transaction of any part of the company's business, no matter how small, from the sweeping of the floor to the borrowing of a million dollars from the bank.

Tenth—To organize such clubs and societies in the organization for the guidance, entertainment, and training of the employes, as shall show that the house really means to do the things that it says shall be done.

Eleventh—To make it as interesting to do the work in the prescribed way as it is for the players in a baseball game to follow the signals of the manager; to put the same zest into the game of business that is now put into the games that the men play out of working hours.

Will Cure Two Evils

The purpose of the staff idea is to eliminate that style of organization in which Manager Brown rows ahead to starboard while Manager Smith backs water to port, with the consequence that the business turns about in a circle, to the confusion of the passengers. We want also to overcome that condition which is best described by the office boy who, when he was asked who was the responsible man in the office, said: "I do not know who is responsible, but I know I get all the blame."

The staff idea prevents the over-development of departments at the expense of the business. "I have found," said the report of a new general manager to his board of directors, "that each department is of itself a small business, with its own files, methods of hiring, statistical practices, standards of performance, and even in some cases, purchasing clerks, with an utter lack of schematic harmony as to forms, stationery, equipment, and practice."

Probably the greatest loss in this method of organization is in the railroads where the Tenth Assistant Passenger Agent will not receive suggestions from the Eleventh Assistant Passenger Agent.

Titles in large organizations become fetishes instead of handles.

"You know," said a bank teller, "I am not supposed to know enough about the assistant cashier's work to make a suggestion today at 4 o'clock; but if he should die tonight, at 9 o'clock tomorrow morning I would without question be entrusted with his duties."

"What does he know about making typewriters," sneered the factory superintendent, "he's only the bookkeeper." Four years afterward that bookkeeper sold to another company his idea for a new carriage for seventy-five thousand dollars.

The Objective Attitude

Just as I depended on an assistant who had never handled the machine to prepare an instruction book to show others how to handle it,* so all successful advertising is written by the prospective customer. Selling is the same; all selling lies in getting the customer to sell himself.

The principle lies in the objective attitude rather than the subjective.

But that objective attitude is the most difficult thing for the average business man to achieve. He places his specialty above all others; he rarely looks into his business, and too seldom looks out of it.

Not only, therefore, does the manager of the average business fail to use the talent inside his business, but scornfully resents the idea that the outside expert can be of any help.

The staff and line organization, however, goes beyond

* See page 290.

the mere desultory and spasmodic use of outside experts. It requires that the staff be used by the line every day in small as well as large ways.

The House J. P. Morgan Built

Consider for a moment the personnel of a house like that of J. P. Morgan & Company, New York.

Specialization finds its place in the organization of a great banking house. To do constructive financial work, men must be employed who are more than bankers; they must be constructive bankers. They must look on banking as the vitalizing influence in the commercial body. To do that they must understand commerce in all its roots and branches. The average banker understands financing, credits, law, the conservation features of commerce, but he is frequently a failure as a producer in a factory sense and as a distributor in the sense of salesmanship and advertising.

In accounting for the power of the Morgan house, a recent writer analyzed the men who are the brains in the firm:

Henry P. Davison is the accountant, the analyzer of figures.

Charles Steele is the legal expert, "the past master of corporation law."

Edward P. Stotesbury is the specialist in coal and transportation.

William H. Porter is the man who watches the ebb and flow of trade and credit in dry goods, flour, produce, and luxuries.

Thomas W. Lamont is the salesman, the advertiser, the student of public opinion, the judge of publishing properties.

Temple Bowdoin, Arthur E. Newbold, and Horatio G. Lloyd are the students and experts in railroads, steamships, and international banking.

J. P. Morgan, himself, used his special training in international exchange and credits. He it was who made the house an international power.

The truth of the matter is, the firm of Morgan is a big bank just in proportion as it is a big business. It will be big just in proportion as it knows best what it has to do in

the new order of things. It is learning all the time to cater to the public, if we take as *bona fide* its withdrawal in 1913 from the directorates of many corporations. But the bigness of the house lies in the business equipment of its members.

The important thing is to make your organization understand exactly what the thinkers are there to do, and to make the doers on their part understand what they are there to think.

Staff Versus Committee

One difficulty growing out of our present style of organization, which is along the military lines existing before 1865, is that each department head is supreme in his department; he makes rules which frequently interfere with the efficient handling of the business of the house, for each one has his own system; each does the work as he sees fit and looks only after that which he originates and on which he depends for credit.

The line officer is interested in suppressing all facts which will interfere with the condition in which he shall be the cock-of-the-walk in his own department. Under such conditions we have the Jones episodes* where men are discharged for the insubordination that really makes for greater efficiency; the real cause of this condition is not grasped by the standpat mind of the line officer.

When the breach of a rule makes more money than its observance, it's time to look for cobwebs in the managerial brain. In some places the staff idea is carried out in the Planning Department. This is especially applicable to a manufacturing plant. The Tabor Manufacturing Company had twenty men in the planning department, and seventy-five men in the plant, but turned out two to three times as much

* Chapter XXVI.

work as when the shop had one hundred and five men, and no planning department. This is an excellent sample of the results where organized thinking is applied to organized doing.

The committee idea as a substitute for a staff has rarely paid in efficiency. In the first place, the committees are generally made up of line men who have their own work to look out for and are not likely to look out for the other man's work or for the good of the business at large. In the second place, the men composing the committee are generally busy with actual work; *i. e.*, looking after a few or many producers; and they feel that the time taken by the committee in general discussion interferes with the work for which they are responsible. In the third place, the committee is not made up of experts. The sales manager is passing on his own policies or on policies of the merit of which he knows nothing. Multiplying the knowledge of one man by the ignorance of ten rarely helps to increase the efficiency of the one.

But the committee system is good for the discussion of policies after their formulation, the discussion of disciplinary measures, and to build up, as Charles U. Carpenter, President of the Fire-Proof Furniture and Construction Company, says: (a) a spirit of co-operation; (b) mutual education by free interchange of thought; (c) cultivation of ambition; (d) a close system of control.

But to expect a committee of shop foremen to prepare a code of practice by which to handle the belts in a factory, will get nowhere. To expect a committee to prepare the copy for a series of magazine advertisements is equally futile.

On the other hand, a conference on a campaign of advertising is very valuable, but even there the advertising manager will have to be careful not to permit the copy to

be emasculated by the preferences of engineering minds for cant phrases of shop dignity.

Committee time is too often taken up with details that could be better left to the heads of departments. Committees should not be concerned with post-mortems, except as the latter may help to formulate policies to govern future business. Committees rarely know anything about the technical methods by which a decision must be carried out, or even whether it can be carried out at all; they generally degenerate into registering the ideas of their dominant spirit.

In my experience committees have been of little practical value because the majority of the men didn't know anything about the subjects; and because they knew nothing, they took but little interest in the discussions. Matters that should have come up were generally ignored; heads of departments naturally brought up subjects with which the other members were not personally concerned; or, if they were, it was because each hoped to get a decision in favor of his contention as against that of another. Before such a court, made up of men with no expert knowledge of the merits of the contentions, judgments were frequently rendered which had to be ignored because of obvious impracticability.

Mark Twain on Expert Knowledge

In one of his serious moments, Mark Twain described a church assemblage of five hundred people; and his description might, with some changes, apply to a business:

"Men are usually competent thinkers along the lines of their specialized training only. Within these limits alone are their opinions and judgments valuable; outside of these limits they grope and are lost—usually without knowing it. In a church assemblage of 500 persons, there will be a man or two whose trained mind can seize upon each detail of a

great manufacturing scheme and recognize its value or lack of value promptly; he can pass the details in intelligent review, section by section, and finally as a whole, and then deliver a verdict upon the scheme which cannot be flipantly set aside or easily answered. And there will be one or two other men there who can do the same thing with a great and complicated educational project; and one or two others who can do the like with a large scheme for applying electricity in a new and unheard-of way, and one or two others who can do it with a showy scheme for revolutionizing the scientific world's accepted notions regarding geology. And so on, and so on. But the manufacturing experts will not be competent to examine the educational scheme intelligently, their opinion about it would not be valuable; neither of these two groups will be able to understand and pass upon the electrical scheme; none of these three batches of experts will be able to understand and pass upon the geological revolution; probably not one man in the whole lot would be competent to examine, capably, the intricacies of political or religious schemes, new or old, and deliver judgment upon it which anyone would regard as precious. The whole 500 are thinkers, and they are all capable thinkers—but only within the narrow limits of their specialized training."

Staff and Committee Co-operation

Directors and stockholders of corporations are beginning to see this truth. They understand now that it is not good business to permit 97 per cent financiers to pass on matters in which 80 per cent of the problem is selling.

The real difficulty with the railroads is not inherent in railroading, but is inherent in financing. A banker is not a railroad man. A railroad's first duty is to be an efficient railroad all the time, and a vehicle by which stocks may be regulated by monthly reports only as a remote consequence of its efficiency.

As long as bankers want good monthly reports and insist on managements that can produce such reports, rates will always be more important than service.

The chief merit of the committee system lies in the discussion of inter-departmental routine and problems, of the common problems of the office and factory, and in acting in a purely advisory way on the application of rules and policies. The only time the committee really becomes valuable, however, is when a staff organization meets with the committee to guide its deliberations.

Application of the Staff Idea

An excellent example of the committee idea is the manner in which the editorial staff of a popular weekly handles its staff meetings, although the word "staff" is not used here as we consider it in this chapter.

"Every week," says Dr. Lyman Abbott, the editor, "the staff of *The Outlook* meets for conference. We spend between two and three hours in discussing the questions which are to be treated editorially in the next issue of the paper. Every member of the staff is free to express his own opinion and to urge it with all the arguments at his command. The discussion ended, the Editor-in-Chief decides what position *The Outlook* shall take on the question under discussion, and assigns the treatment to some member of the staff who is in sympathy with that view."

Mark you that "the editor-in-chief decides what position" the paper shall take, and he gives the work of reflecting that position or opinion to one "in sympathy with that view."

This conference, as all committee work should be, is purely advisory. The staff idea in business, however, goes further. While the general manager has the power of veto, he rarely uses it, because the staff whose advice is not taken, generally has a fool for a manager or the manager has blockheads for a staff.

Any application of the staff idea must have at least three purposes:

- One to test the *man stuff* of the organization.
- Another for the handling and testing of *materials* and *equipment*, to find out whether they are exactly suited to the most efficient production.
- Another for the planning and testing of the methods by which this man, material, and equipment may be handled most productively.

Using the Man Power

Let us consider the question of men. Hardly any employer of fifty men has a working knowledge of the abilities of 20 per cent of them. As a preliminary, an employer of nearly three thousand men asked his superintendent:

- 1—Which men know the most about all of the different things that we do?
- 2—By what process do we insure that we always get the expert doers of certain work into the departments where they belong, and give them the work they know best how to do?
- 3—What process do we have of promoting people, other than the time-clock and the calendar?
- 4—What process have we of insuring that we get the use of all the original thought, experience, study, invention, and initiative of the entire organization, by directing it into channels where it will most efficiently serve both the organization in general and the individual in particular?

If these questions cannot be answered, can a manager say that he knows the machine he is handling?

As a matter of policy in handling the labor problems

in a factory employing five thousand men, the president of another company issued this order: "The Factory Committee will keep fully informed as to the conditions existing in other shops, and will thus be able to compare our conditions with those of other factories."

Salesman and Selling Methods

In training salesmen, it is necessary for the staff to be able to furnish everyone in the sales department with the following:

First—Knowledge of the goods on the technical and man side alike. This is absolutely necessary to the salesmen of every concern

Second—Collective training in schools or classes

Third—Individual training by correspondence

Fourth—A simple, accurate method by which salesmen may report what they are doing and how they are doing it

Every salesman ought to be placed in possession of:

1—The best way to show the goods

2—The strongest talking features of the commodity

3—Its uses to the customers

4—The strongest answers to all the stock objections

5—The best methods of approaching customers

6—An analysis of the class of trade he is going after

7—An analysis of the business done before in the territory

8—An analysis of the business expected

The staff will work out the figures on the business to be expected and then elaborate the sales policy and definite instructions for carrying it out. The following was a staff statement of sales policy to sales managers of a specialty house:

First—The salesman *makes* the sale.

Second—The thousands of dollars spent in railroad fares, hotel bills, and advertising, are all going to naught unless you make your men closers.

Third—The man who isn't loyal is a liability, not an asset, no matter what his production.

Fourth—Salesmen are average men, and most of us only average salesmen.

Fifth—We can be taught to sell more goods, just as managers have learned how to manage.

Sixth—The object of this sales department is to increase the efficiency of the men who sell.

Seventh—The sales organization is here not to cut prices but to raise them.

Eighth—It is not to sell the poor, but the best, grades.

Ninth—It is not to cut profits, but expenses.

Tenth—It is not to coddle 100% men, but to make them.

Eleventh—It is not to break decisions, but to push them.

Twelfth—It is not to play favorites, but to play fair.

Thirteenth—It is to get co-operation by giving it.

Fourteenth—To give everything for the good of the company.

The Staff Idea Applied to Salesmanship

In discussing the factory organization and its bearing on the policy of fixing quotas for salesmen, a manufacturer asked: "We fix quotas for our men by territories, yet our office correspondents handle inquiries and distribute advertising all over the country. Would it not be better to divide our sales correspondence department into territories, also, and put standards on each division and thus let it co-ordinate with our sales divisions?"

That idea works, of course, in mail-order houses, such

as the National Cloak & Suit Company of New York. The manufacturer saw the opportunity to harmonize effort. Wherever the handling of inquiries calls for expert knowledge of different lines of prospects, the work is functional and should have a reviewing authority. Wherever the sales results from the field are judged territorially, the efficiency of the work done by the correspondence department should be arranged for similar comparison. Thus you get the stimulus of one crew inside as well as outside, working for a record against another. The men in the field get more help, and larger results come to the company.

In a concern selling machines direct to consumers, the ideal of the line was to have a large number of salesmen, with managers, district managers, etc., but sales did not increase in proportion to the increase of men. The reason should have been self-evident. Adding men to an organization does not often increase its efficiency; only its bulk. The one hundred salesmen collectively knew no more about the product than fifty had known. No new lines of business or uses had been opened up by the addition of the fifty men.

To an almost unlimited extent, the efficiency of a sales organization is in direct proportion to its knowledge of the business.

No accurate analysis of the possible uses to which machines could be put in new lines of business that had not been developed, had ever been made. The line idea—learn by doing—was in full sway. The business will have to come through the staff idea. Men must be employed for their expert knowledge of the process of selling and of the adaptation of the company's product to the needs of customers who do not know the value of that product.

The staff will employ men to make direct field studies

of the possibilities of the use of the machine. The staff will develop customers from prospects by showing them how they can save money by using the company's product. The staff will at the same time teach the salesmen how to sell the product by applying it to the prospect's needs. The staff will re-organize the sales department's work on a functional basis and will develop the line on a basis of vocational selling; that is, it will put specially trained men in congested districts to sell to certain lines of business.

Then the standardized instructions to sales managers will follow, and each one will be convinced by the board of directors that the staff is there for the sake of even the youngest salesman, not the salesman for the sake of the staff. Each man in the field will understand that every salesman has room for a manager's contract in his order-book.

The field managers can't do this because they are busy with the present—with this month's business; they haven't time to think about future years or to work out plans for next year. The scientific attitude expressed in staff work is often shown in the way the more business-like analysis of conditions affects demand.

Planning a Cereal Campaign

When the Kellogg Toasted Corn Flake Company, of Battle Creek, Michigan, was about to start its nation-wide campaign, it realized that the vital part of that campaign must be accomplished before it began. It was a matter of critical importance to define what it was going to do, based upon what could be done.

The first thing the company did was to get some accurate information about the policies that had failed with previous organizations handling a cereal. They

found this out in various ways. Men came to them who had held positions with those failures. Some had been in touch with the vitals of the old businesses. They were taken on as employes and given an opportunity to show what they knew about the experiences of the cereal business. The Kellogg people determined to find out, by scientific analysis, exactly what were the unsuccessful things about old policies; they determined these by analysis and coordination. In order to do that, they had to study the thing at first hand; they had to get facts and figures.

The first policy agreed on was that Toasted Corn Flakes would not be sold as a patent medicine; it wouldn't be sold as a cure for any human ills; it would be sold purely and simply as a good food, a practical food, one that tastes good and that is a good thing for mankind. As a representative of the company said, they wanted to create a demand for a food product that would become a staple.

The next proposition was that in order for a food to become a staple, it must become a staple in the minds of the people who sell it to the consumer. In order for it to do that, it must return to the handlers, whether wholesale or retail, a consistent and permanent profit on each case and on each package. Therefore, it was necessary to establish a price and throw around that price all the safeguards of a one-price system, for it was found by previous experience, that this lack of a one-price system had been one of the serious drawbacks to success in the cereal business.

The third proposition was that they must decide whether they would develop territorially or nationally. They preferred national development, because they had enough money to organize advertising and sales forces

nationally; and they found that it would cost less in the end to do it that way.

The Staff and the Selling Organization

The staff organization is sometimes used to protect the selling organization against personal failure. The Packard Motor Car Company, of Detroit, includes in its contract with its representatives a provision that auditors representing the company shall at any time have access to the agent's accounts for the purpose of familiarizing themselves with the exact status of the agent's business—what it is costing him to do business, where he is making a profit, and how he is making it. This policy had led to the maintenance of price and to the creating of a higher grade of service efficiency among the selling agencies of the organization. Sometimes it has been found necessary for the officers of the company to warn an agent or a dealer that some department of his agency was costing too much, or that another department of his agency was not costing enough to insure efficiency, or that another department wasn't being handled properly, or that there was too much spent for this or that or the other thing. The policy has paid.

It would pay the great food product manufacturers of this country, such as Post, Kellogg, Fairbanks, Armour, and Swift, to subsidize a staff of men who would do nothing more than organize a campaign among the retailers of this country and teach them how to make money by keeping store.

An Advertising Failure

One of the most stupid manifestations of lack of thinking was exhibited in the splurge of advertising to impress the retailer, that came out in 1909-10. Large space was purchased

in the *Saturday Evening Post*, *Collier's*, the *Ladies' Home Journal*, and other publications of great advertising prestige. These ads were reproduced in beautifully colored circulars, and with a letter or folder were then distributed to retailers in selected territories. The retailer was urged to stock up with the goods "for the advertising was going to create an enormous demand." But it didn't, because advertising alone seldom moves goods from a dealer's shelves. The dealer must do the moving; and if the dealer is not properly instructed how to move them, the goods stay, to the disgust of all concerned.

Retailers everywhere are asking how they can know more about their businesses. Every retailer is today asking himself, "What am I making? How much of the money in that drawer belongs to me? Have I got all of the money for all of the goods that I have on my shelves; or what proportion of the goods I have put on my shelves, have I never received any money for?" There are mighty few men, rated at \$10,000 or less, who can tell; and they admit it.

The book* published by a great mail order wholesale house in the West, which has its staff of expert buyers and sellers at the command of their customers, shows the right tendency.

If the great wholesalers and manufacturers could get together and equip a staff which could help their retailers make more money without raising prices, they would induce a livelier cooperation on the part of their distributing agencies; they would insure greater efficiency and sell more goods.

Scientific Management in the Navy

Former Secretary of the Navy Mayer said that it was

* "Successful Retailing," Butler Brothers, Chicago, Ill.

scientific management that increased the percentage of hits from 3 1-2 made at the battle of Santiago to 33 1-3 made today, although the range has been increased from 3000 to 10,000 yards, and the rate of fire increased from one shot in five minutes to two shots in one minute. Naval efficiency has increased 1300 per cent since the battle of Santiago.

This increase has been due to:

1—Better appliances.

2—Systematic study of men and their qualifications, and recognition of the importance of putting men, after careful test, in the places where they can do the work as it should be done.

These two things, however, have come as a result of expert training, scientific observation, and the standardization of the work by staff experts.

As usual, it did not "happen."

Scientific Retailing

Manufacturers and wholesalers, selling through the retailers, must get together and plan to keep their people in business. The loss of retailing units is tremendous; they go out of business because of their inefficiency; and manufacturers and wholesalers have to pay the price of this death rate.

It does not pay to make new accounts. They have been encouraging the growth of this difficulty by advertising to bring the retailer more business. The retailer could not make money because he was frequently losing money on every sale, and the more business he had the poorer he was.

The retailer's accounting system is negligible. He looks upon it as a useless extravagance; he makes money outside his business, or goes broke; he blames it on low

prices or bad credits; he needs to be taught how to keep store.

The manufacturers and wholesalers will have to organize to carry on a propaganda in favor of scientific retailing, just as the government has been carrying on the propaganda for scientific farming. It is equally important.

American business men of large vision have thus localized the weakness of the old-line type of organization. "We want to do things," they say, "but let us do them right and quickly." The addition of the staff of trained specialists to the line of workers, is the answer of the efficiency engineer to the demand that the business shall plan for the tomorrows of the future.

Under such a method the humblest worker in the great house of Thinker, Doer & Company will have at his command, for the settlement of his dollar difficulty, the brains of a fifty-thousand-dollar staff, and will make more money in the bargain. The only one who will smile at this Utopia is the man whose forefather smiled at Bell and Edison, and who, in the '70's smiled at von Moltke when he reorganized the German army, and who a few years ago was quite willing to prophesy that Russia would whip Japan.

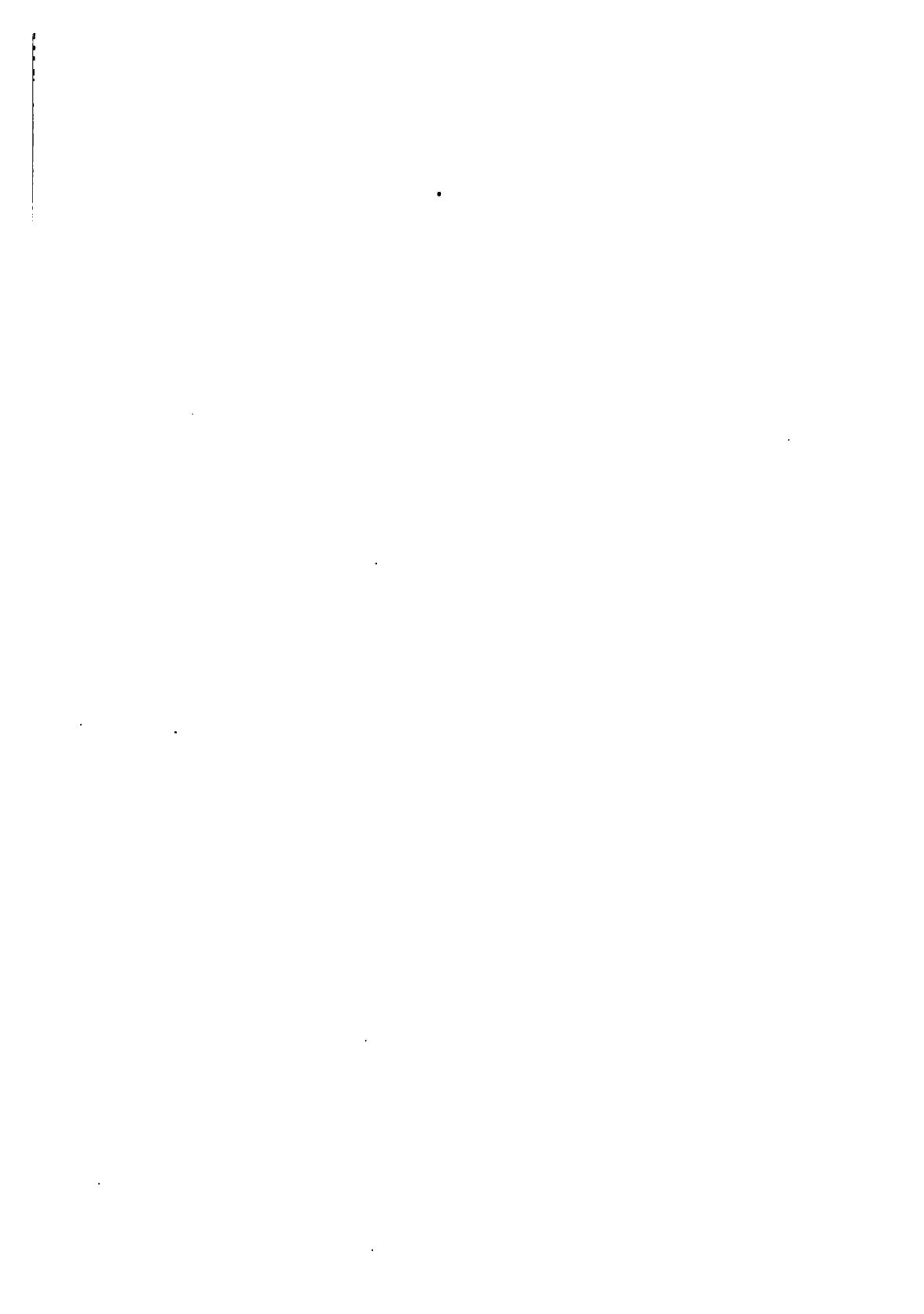
Let him smile.

PART IX

One Foot Inside the Door

All I ask of Providence is a foot inside the door.

—BRAZENHEAD THE GREAT.



CHAPTER XXVIII

INDIVIDUALITY

The big work of man is neither masonry, manufacturing, nor merchandising. It is life itself. Incidentally, there are bricks to be laid, wood to be shaped, and goods to be sold; but these are only jots and tittles in the scheme of individual existence. The main thing is life itself. Life well wrought is a fabric which commands the gaze of all discerning eyes, the responsiveness of all neighboring hearts. Life bungled is a producer of ceaseless shame.

—RICHARD WIGHTMAN.

The Human Element

One day I heard Melville W. Mix* say:

“I wouldn’t give a snap of my finger for the business or organization that does not contain some sentiment, some vestige of a human soul. No disposition of any vital problem is final and satisfactory unless it contains some consideration of the human element; and as for myself, I prefer not to deal with any conditions or forms of organizations—social, political, or commercial—in which the dominating influence is actuated by an arterial circulation of ice water.”

Thus this farsighted manager of men accentuated the human element in business. “He doesn’t get along with men,” has been one of the standing objections to certain types of men.

“The men swear by him,” was given me as a reason why a certain sales manager was unusually successful.

So in any study of the new business and its efficiency, we soon come to the art of handling men. We leave the

* President Dodge Manufacturing Company, Mishawaka, Indiana.

science of the day's work to work itself out as the evolution of the law inevitably does. As we turn the light inward on man to find of what he is made, so we enter the inner sanctum of the business to find out its individuality.

It is not enough to talk of him as a man; what is the individuality of the man?

What is his courage, his mental, moral, and physical courage?

What is his initiative, energy, judgment, his philosophy?

How does he measure up with the new ideas? What would he sacrifice to be right? What would he endure for the thing he holds to be right? What is the test of his metal? This human metal becomes the most important material in the whole business.

You may have capital and concessions, tariffs and patent monopolies, stock on your shelves, experience, and science, but if you forget to humanize them all you fail just as surely as God made man the greatest of his wonders.

Self and Self Sacrifice

That courage which makes man dominant is bound up in his individuality, which is that combination of characteristic qualities, natural and acquired, of mind, heart, and body, which makes one man different from another. Any attempt to make a man efficient in life or work, must take into consideration the qualities which together he calls self. Christian dogma teaches us that the greatest love is shown when we merge ourselves in the individuality of the beloved one, because Christianity recognizes that the highest loyalty is the surrender of self to the will of the Master. The final and complete sacrifice was, "Father, into thy hands I commend my spirit," the words

of the Christ on Golgotha. It was the consummate surrender of self.

So, from the beginning, man has struggled against law, convention, physical force, and in his ignorance even against science and truth, to put the signet of self on the work of his hand and the thought of his mind. This has been the dominant impulse of the human animal, to realize to the uttermost his life's completeness—the fulfilment of his self's ability to do. Economists have given their best thought to the problem of so moulding this self in the young and so meeting its social liabilities and self-interests in maturity, as to gain the greatest efficiency for humanity. We constantly hear the criticism, that "a man failed because his heart wasn't in it." In fact, he failed because his self was not back of his endeavor.

Men do not work for others as they work for themselves; they work much less for others. We must enlist *self-interest* if we would raise efficiency.

The good man sacrifices the comfort, ease, and happiness of himself and his family to the vision of his soul; and we call it unselfishness.

The bad man drinks up the sustenance of wife and children, sacrificing his better instincts of love and generous affection to his lusts, and we call it selfishness. Avarice dominates a third, and his world suffers extortion and usury while he exacts his pound of flesh and the world calls him selfish.

The Pilgrim fathers, "first fell on their knees—then on the aborigines," and in the name of God and their religious liberty, hunted their radical brethren and sisters to acceptance of the official faith.

They stifled humanity and love and charity and conscience. The good are ungenerous and unkind as are the bad; so Heaven as well as Hell demands a sacrifice.

The Liberty of Self

With man, as with groups and societies in general, the revolt of the slave against the master becomes the revolt of peoples against tyrants; of the worker against the unjust employer; becomes the war of unionism against capital. In particular, as in general, every revolution has found its principal energy in the fact that one set of men denied to another, the right of liberty of self. Our political insurgency has found its motive in the consciousness that self was being sacrificed to the selfishness of a stronger economic group.

As man energizes his work with the consciousness of self, he regards individuality in leaders as the primary evidence of power, and man worships power. He follows Cromwell in the war against the rotten monarchy of Charles; he follows Washington from the steps of the throne of the imbecile George; he supports Lincoln in the black chaos of rebellion; and he gives to Mohammed, Confucius, and Christ, the fealty which created new creeds. The leadership of all men from Alexander or Caesar to Napoleon or Roosevelt has been founded upon the appeal of their individual selves to the individual selves of their followers.

The Higher Selfishness

Yet small minds have denounced this selfishness as a crime. It is a crime, as smallness is a crime, as pity for little things becomes mawkish sentimentality, when it is of little consequence. There is a higher selfishness which found its expression in the life of Christ, the being selfish with respect to the integrity of the higher motives of His life, selfish in regarding his destiny above the physical comfort of the body or the transient good of his disciples. It was that selfishness of high ideals which may bring

misery to the body, but which brings unceasing joy to the mind and soul.

But many stories of self-forgetfulness must be taken with a grain of salt.

The fact that Gladstone refused a title; that Savonarola died a martyr to the cause of truth; that Luther refused churchly preferment in order to found a wider world—no doubt had exactly the same psychological motive as Alexander's idea of conquering the world or Napoleon's purpose in tearing Europe to pieces. These men lived according to their lights, working out the mystic problem of their individuality, and doing with all their might the thing that they could do best and leaving to posterity the vexed problem of fixing the value of their deeds.

We find much evil in the result of Gladstone's agitation of Home Rule, just as we find civic and political good in the results of Napoleon's life; for did it not give a solidarity to the German nation, and did it not end the domination of Austria in European affairs? Weighed in the scales of life, the consequences of the lives of all these great men are much alike. All brought happiness and unhappiness because all changed the face of things, and the trend of visions. The scientist, Herschel, like Agassiz, "had no time to make money," but what he did brought him more satisfaction than money could bring. What praise should be given Herschel for holding that to get what *he* wanted was better than to get what somebody else thought he should want!

A Standard of Right

Men are not taught how to determine what they should want in order to develop their efficient individuality, nor shown how to live to the uttermost the best that

is in them; but are given ideals which defeat themselves, and ends which carry no real rewards for body, mind, or soul.

This fact must be obvious, for the majority would nearly always be wrong if left to itself. The majority is nothing but numbers; and without the ability to weigh evidence and distinguish facts, it is a dangerous mass of ignorance. The French Revolution is an example. Look at the problem of right and wrong; view it not from the standpoint of moral intentions, but from that of practical consequences. For two thousand years we have been judging men's acts by intentions. We are likely to consider an act right or wrong, as it was intended right or wrong. We hear this plea every day in our business: "I didn't intend to do that," as an excuse for having done it. Isn't "a man of good intentions" very often a civil way of describing a fool?

Naturally we judge acts and men as we must judge truth itself, by consequences, and they are right or wrong, good or bad, beneficial or hurtful, according to the consequences they produce.

Thus we get at the fact that as a man thinks, so he is and so he acts. We must judge him by the consequences of his living, and we must get at his value by the appraisal of those consequences in relation to the good of business and society and life generally.

Individuality as an Efficiency Principle

This brings us back in the study of individuality as an efficiency principle, to consider it as the motive power which dominates the acts of men, societies, nations, and the world at large; and the consequences of the application of this power will determine how much it is worth.

We have individuals who are big, powerful, and ener-

getic; from whom consequences of vital importance to mankind flow as a steady stream until their individualities dominate the times in which they live and master the men with whom they associate, just as the engines dominate the progress of the ship. The French Revolution established the sacredness of self as an economic fact, and through the influence of Paine and Jefferson our Constitution further reiterated it. Every man has an individuality, and "every business is but the lengthened shadow of a man" are terms with which we have conjured for generations. They mean something to you and to me, but what do they really mean? We must find out in this age of machinery what individuality is worth in the world's market. We must get down to its units, break it up and find out what it is made of, and from this knowledge try to rebuild an individuality that shall develop a higher percentage of efficiency.

The Trinity of Self

Any gospel of efficiency that fails to reckon with the man's self, which makes his manner of doing a thing different from the manner in which anybody else does it, which makes him stand by himself, would be leaving the electricity out of the motor. Has anyone ever told you what electricity is? Then don't ask what the self is. We can only tell you how it manifests itself. Man's life is the expression of three things: first, his soul; second, his mind; third, his body. These things are his self.

He expresses it in three great divisions of life accomplishment: Religion, Science, and Art, which, as the poet well said: "are shown in loving, learning, and doing with symmetry, wisdom, and joy." No man can escape these triune limitations. Within these three divisions, all laws of life fall, all facts, all knowledge, all dreams and visions

come within their boundaries. Since all nature is in balance, what a man lacks in soul, he makes up in body or mind to form the unity of his self. If his mind is developed to a sufficient extent to analyze that self, he will endeavor to supplement his natural forces with acquired abilities in the three fields.

What Makes the Master

Without running to definitions or into the subtleties of psychology or philosophy, I shall appeal to the common experience of the reader, who will admit that he is conscious of this trinity of forces acting in his life. He is conscious that he is different from Jones and Smith, but in what concrete ways is he different? What is the inevitable consequence of that difference to himself and to others? Are those consequences beneficial or disastrous? Has he power to make the former better, or to nullify the effects of the latter?

One man is linked to the earth by bodily qualities which make him busy but impotent. Another with a soul dominating all else, soars into mysticism and becomes fog-bound in the contemplation of mysteries that never were on land or sea. A third with a mind dominating both body and soul, becomes a thinking machine which stores up energy in a reservoir that is never tapped for practical good, as do the solvers of perpetual motion problems. After all, it is the power to use efficiently the qualities of body, mind, and soul, as needed, which denotes the master.

The Domination of the Master

I was told the other day of a little concern manufacturing lawn-mowers in the small town of Clarinda, Iowa, whose board of directors is made up of a number of well-

to-do farmers of that vicinity. When these farmers are not running the lawn-mower business, they are experimenting with farm machinery, plant foods, or discussing the best way to protect the farmer from the encroachment of the wicked trusts; occasionally, they furnish each other with that political philosophy which is expressed in the platform of Senator Cummins.

There is a man named Bill Brown who is very highly esteemed in that pastoral community. Quite frequently he meets with the lawn-mower men and works for the enhancement of the company profits. Brown is a character; he dominates the town of Clarinda; he is the fine flower of its citizenship, and it is the ambition of most citizens to be known as his friend. They listen to him, and they wait on his word. In the East, Bill Brown was known as W. C. Brown, President of the New York Central. It is a far cry from Clarinda to New York, and Bill Brown of Clarinda became W. C. Brown by the time Forty-second Street was reached. In fact it was the same Brown, but people knew him differently in New York, saw him differently, because they were different. Brown played the game according to the rules, and when in Rome, did as the Romans did.

If you had gotten to the heart of the work of President W. C. Brown of the New York Central, you would have found him to be Bill Brown in the days that have made the New York Central corporation more human than it has ever been since the first Vanderbilt died. In short, Brown's self is the same in New York as it is in Clarinda. It is producing the same efficiency in New York as it does in Clarinda, because Brown's self is right. It is in tune with the larger law, which is the same in New York as it is in Iowa. We judge it entirely by results or consequences; it dominates in both places.

CHAPTER XXIX

THE EFFICIENT INDIVIDUALITY

No power on earth can keep the first class man down or the fourth class man up.—BOETCKER.

The efficient man is the man who thinks for himself, and is capable of thinking hard and long.

—CHARLES W. ELIOT.

Squaring the Round Peg

I heard a speaker illustrate the rule of balance in nature. He likened the man who is all mind, with his broad-topped head and pointed chin, to a pyramid standing on its apex; who was long on thinking and short on doing. The man who is a great doer, with a pugilistic jaw and narrow-topped head, is short on mind, and likened to a pyramid on its base—close to the ground, hard to knock off his feet, plenty of vitality, but likely to be short on intellect. The business man must square up the forces of management by supplementing what he has with what he needs. The mind needs the body and the body needs the mind—and both need the soul because the soul gives energy to both.

All men are not of a type. They are generally mixed. "Yes, he is a mixed type," said the president of a company to his directors, in discussing the general manager. "As nearly as I can figure he is a rule-of-thumb sales manager, a systematic accountant, and a scientific factory manager. What we want is a scientific general manager."

John R. Walsh, with a mind closed against all experience but his own, could not escape this law of compensa-

tion even with his dominant will, and he went to smash. Charles T. Yerkes, the Chicago and London transportation king, who went through prison to find millions playing the game of life with loaded dice, his soul dominated by a cynical materialism, struggled with all the force of a dominating mind and a magnificent body, to rear a golden monument to material things. Men will long remember that Yerkes' self lived and did things, but in less than half a decade after his mind and body had vanished from earth the work of his hands has "crumbled into the voiceless silence of the dreamless dust." And Yerkes is today but a name for things which no man would care to emulate. Is there any more tragic and futile monument than that which immortalizes a man as a horrible example? Yet Yerkes' work in its material aspect was remarkable.

Wherein the Value of Individuality

As a matter of fact, to most of us, individuality means mere difference, and in our striving for individuality we have tried for difference with the result that difference is the only thing we have attained. When we realize that the value of individuality lies in the consequences of its existence, and that the value of those consequences is determined by the standards of efficient life, individuality becomes more important to the world and to us. The complete individuality always dares to do and to think and to be itself. Its mind has the knowledge of the higher law; its soul has the steadfast vision; and the body responds to its masters to the limit of skill and endurance. Environment and heredity have their place in the moulding of it. Given a mind that can understand that the self may be moulded, and we shall have but little trouble in setting the standards for tomorrow's success.

Let us understand that a man may be different and be a fool in the bargain. We see this in the adolescent Berry Wall, the "glass of fashion" and the "Napoleon" of the insane asylum. The "different" man may play a piano like Blind Tom, yet be a mental bankrupt. Mere difference, therefore, does not argue strength either of body, mind or soul. It is important to know if the difference is worth while, and it is the "What's the use?" test that must be applied to differences to determine their value.

The Measure of Self

Do you think carefully before you act? The only way to get the value of an act is from the consequences of it and they would have been more if the act had been different. Are the consequences of our ideals seen through our thoughts and work, of the kind that make for a valuable life? Do they make for a business that will live long and prosper, judged by the standards of those businesses that have lived long and prospered? Why? Is your body in health? Do you think to the point? How do you know? Do you learn anything from a failure or a success? What have you learned, and how did you learn it? What high motives prompt you, and what are the consequences of those promptings? The way you answer these questions will indicate your individuality; is it worth while, or does it need changing? Does it need strengthening?

Religion, science, art—the three great divisions of man's activities have achieved through the ages some standards of valuation alongside of which the consequences of each man's acts must be measured.

The Two Tests

Every man must subject himself to two tests—the subjective test, which is the man's estimate of the value

of his self; and the objective test, which is the value of his ability in the eyes of the world.

The danger of the first test is that he will not be just with himself; of the second, that he will follow the crowd, and not the principle of "Who Says So?" In the French Revolution the mob soaked France with the blood of the aristocrats, yet the minority rules France today, as in fact it always will. It is the old story of the power of mind; wherever matter dominates, it destroys, but mind and soul in the long run survive, dominate, and conserve.

The Ambition of Self

Man's struggle is constantly to strengthen his self; his mind reaches out blindly to know that self. The city man who harbors the deathless desire for three acres in the country, which he fondly hopes will spell liberty from the huckster with the false bottom in his berry box, from the twelve-ounces-in-a-pound meat dealer, desires to plant and reap with his own hands, because it is a rerudescence of natural law. He may want a fireside, in whose quiet he may shut out the irritating world, and have some hours of his day when he and self may come together. Another seeks the mastery of men; to sit in high places, to look down on the world; to mould its inexplicable purposes, and to entice men to follow his leadership into unknown vistas that in some quiet place inaccessible and a-far, where Power sits alone, he too may see his self and know.

The Faith of Works

Art, as the expression of the mind's ideal and the soul's desire, is nothing more nor less than the cosmic urge to self-reproduction. Nature cries to us to do something, and we answer the cry by finding radium, by

painting a picture, or by putting God in the day's work. Faith in the most useful lives leads to work also. We revolt at the fakir of India, reclining on his bed of nails, or of Simon Stylites, sitting on his pillar, watched by the curious and the vultures, because we realize the futility of their mysticism and because we feel that such intensity of faith should do more for mankind, and that their exhibition is but glorified selfishness—the giving of a stone for bread to the faith-hungry souls of men.

Efficiency and the Individual

Efficiency makes for the harmonious development of body, mind, and soul. It makes, therefore, for the greatest efficiency of the individual. It makes for balance and poise, in order that the body, mind, and soul may develop in harmony with one another, that the man as God made him, may achieve to the uttermost. Science has declared that in order to obtain the prize that is his due, man must recognize the law and play the game according to the rules. He must have health and endurance, which are body traits; he must maintain his interest, enthusiasm, persistence, will-power, love of work, faith, and courage, which are traits of his soul; he must have thoroughness, promptness, common sense, memory, reliability, foresight, judgment, and system, which spring from the mind's realization of the world's way.

The weakness of man lies in the fact that he sees crooked and he thinks as he sees. No man is safe whose greatest capacity is not strengthened by an all-around development. No man can be a great thinker who leaves his body and his soul out of the problem of making good. Science without faith is sterile because it never does anything; and a faith without science or art is visionary, wasting time in dreams of idealities of no value to the world;

while the body, without science or art, is simply a hulk of clay, food only for the years and the grave.

Efficiency Differences

The individual must therefore find in what concrete way he differs from others and how he is efficient through those differences, and then build up his entire being to produce the greatest harmony and the greatest power. Nature places certain confines on each of our attributes and qualities beyond which we may not go. None of us is perfect. Nature did not intend us to be, for she reserves perfection for eternity, but she gives us all a chance within the rules to realize ourselves to the uttermost. We fail only because we will not pay the price in the discipline of body, mind and soul.

If you had a hundred thousand dollars to invest you would put each prospective investment to every test that your experience and ingenuity could suggest. You would find out what each business had been, what it is and what it could be; you would hire experts to give you advice on its present condition and its future prospects. Why? Just to be sure that you would get at least five or six thousand dollars a year income from it. You would be careful of the consequences of that investment, would you not?

What would you think of a man, however, who spent all the time making these investigations when he did not know whether he had ten or a hundred thousand dollars to invest?

What do you think of a man, therefore, who spends his time getting a five-thousand-dollar-a-year job without knowing whether he has a hundred-thousand-dollar ability to put into it, and vice versa? What do you think of a man who has a hundred thousand dollars worth of ac-

counting talent to invest, and is satisfied with a twenty-five hundred dollar return on it?

The great captains of character and individuality have been those who knew themselves and others. Search the lives of Edison, Hill, Carnegie, Wanamaker, Morgan, and you hear them constantly saying: "I knew I could do this," "The facts and figures in the case prove this." "A careful study of the situation and the men who dominated it, lead to the conclusion," etc.

They studied individualities—differences—variations—to see how near to the rules the game should be played, and what must be the inevitable consequences.

The Individuality of a Business

The individuality of a store is a real attractive force. It may be a store of price, in which case the service is tested by the kind and quality of goods sold at a price. It may be modishness, up-to-date-ness; but advertising, salesmanship, efficient merchandising, low price and high quality—even all of these things together, do not constitute its individuality. They reflect it. Where is the man who is the central energy, the mind, the soul, the body of it? As he leans, so leans the smallest employe; as he aspires so goes the business. There is the individuality of the store. He may not be the president of the company or even the owner of the store, but he is the self of the business. The true policy of that business will be the credo of that man's soul.

The Curtis Publishing Company has the largest independent sales organization in the world devoted to distributing publications. Its sales department issues three publications, "Vim," "Our Boys," and "Our Teams." In these publications the attempt is made to create and foster among the many hundreds of boys and men who dis-

tribute the "Saturday Evening Post," the "Ladies' Home Journal," and "The Country Gentleman," a spirit of loyalty to the organization, of co-operation with each other, and a sense of joint individuality commonly called *esprit de corps*. The work of the Curtis Company is to teach those men and boys to become more efficient salesmen. The individuality of the Curtis Publishing Company, dominated by the characteristic energy and qualities of Cyrus H. K. Curtis, is reflected in those publications with the result that the "Saturday Evening Post" boys are a certain kind of boys. They are all different, yet they have something that makes them all the same. This is the individuality of an organization, playing in, through, and by the individualities of the units composing it.

There is something about a Pennsylvania Railroad man which makes him different from other railroad men. There is something about a National Cash Register man which makes him different from other specialty salesmen. There is something about a John Wanamaker salesman that makes him different from a Macy salesman, and yet each one of these has an individuality which makes him John Jones, or Tom Smith.

The Menace of the Egotist

A good business is the lengthened shadow of a good man. Egotists like John R. Walsh are a menace, no matter how much they may give in alms to the church or to the poor; they are a danger to the commercial world, no matter how many great schemes their fertile brains may elaborate. Like the superman, who contemplates only the vision of his soul, the wisdom of his mind, the power of his body; he treats the world as if it belonged to him and can see it only with that self as the dominant interest. As one man said, "The difference between the egotist and

the conceited man is that the egotist acts as though the world had been made for him, and the conceited man as though he had made the world." So an egotist, like Napoleon, is mind and body overdeveloped with a stunted and futile soul.

The world has always thwarted the egotist. Jay Gould and Daniel Drew, who sailed under the black flag of piracy on the commercial seas of a generation ago, were men of mind and body. The world got through with them and now remembers them only for the evil they did—"which lives after them."

Pick out the men who have made great fortunes. To-day they are sources of weakness rather than strength to any corporation with which they are connected. Why? Because, right or wrong, the world has decided them to be faithless by the service standards of the hour. Study the insurance investigations and its train of wrecks and you will realize this.

What the "Rank Outsider" Did

Louis Brandeis, the practical theorist, the "rank outsider," who fought for the Atlantic shippers before the Interstate Commerce Commission and taught the rule-of-thumb railroad men of the United States that there is a law bigger, deeper, broader, and higher than the way grandfather did things, brought a new gospel to the priests of the Temple, and made them preach it. He got cheaper gas for Boston; he won a fight for the shorter work hours for women before the Supreme Court. In the Ballinger case, he made a great political party shudder from the crown of its head to the soles of its feet. His is an individuality which works along scientific lines with all the energy of his mind, body, soul towards realizing the day's ideal of service.

What Is Freedom?

"But," says the artist, "these rules appal me; this gospel of efficiency would stifle any inspiration; it appears to me that you would make life a machine; my art must be free; I must have liberty."

Liberty! A term with which to conjure! What is it? Put the book down and answer it frankly, if you can. Try to put an objection-proof definition on paper.

Let us take a definition from the French philosopher, Henri Bergson.*

"We are free when our acts proceed from our entire personality, when they express it, when they exhibit that indefinable resemblance to it which we find occasionally between the artist and his work."

Think it over carefully.

Does not such a conception of liberty make all men free?

Efficiency Well-Directed Energy

Here is the chief stumbling block in the intelligent consideration of any plan for raising efficiencies, whether it be among pianists or pin makers. It is mental.

We are agreed that great souls furnish the energizing power back of society, that the world moves because some men move.

That the great human factors in progress follow the rules of the game in greater or less part is not understood, although a careful analysis of their method would soon demonstrate it to any open mind. Far from hampering a man's talent, the gospel of efficiency gives it force and power. The steam directed into the cylinder against the piston of the engine drives it with efficiency in proportion as the machine is designed true to mechanical principles.

* "Essay on the Immediate Data," by Henri Bergson, p. 172.

The lightning chained to the dynamo, lights the world. A few grains of powder confined within a rifle, saves or takes a life, and so on all through nature; the energy which is used within its limitations gets the greatest results.

I would free self from its prison of doubt and despair and give it power to do and dare. I would give to every man that command of his soul, that knowledge, that endurance of the flesh which would let him look fate dauntlessly in the eye, and say with Brazenhead the Great, "All I ask of Providence is one foot inside the door." By his methods the efficient man is hostile to that superstition which imitates the successes of others without any appreciation of the inner causes of the success, and to that dogmatic business philosophy, which, with witless indifference to the harm done to the unthinking by its superficial and hopeless cynicism, dismisses dreams and clear thinking and ideals as the pastime of school men and impractical theorists.

"Insist on Yourself; Do Not Imitate"

Efficiency is the deathless enemy of the kind of man who preaches the safety of slavishly copying the untested experience of great men. It is ever the enemy of those who take the pattern of their waistcoats from Bond Street, their ties from Fra Elbertus, or their morals from Newport; or who take their religion from the church their employers attend, their politics from the party on top, and of that mean and ignoble brand of mental mendicancy which finds its expression in an affectation of mere singularity and which, as Lowell says, "Is so often resorted to as a natural recoil from an uneasy consciousness of being commonplace."

Efficiency is the enemy of the "practical" man who has

never done a really constructive thing, because he fears to be true unless truth is gold plated. He fears to be different if difference means solitude; he fears to be first, for he finds a melancholy pleasure in being the last in doing anything, no matter whether it is giving monkey dinners to degenerate friends or supporting the idea that science has nothing to do with art. Says the Time server: "There are those who find their joy and satisfaction in monkey dinners and flowing neckties, and in the eminent respectability of father's ways. They are content and happy and what else can life give but contentment and happiness?" Granted, but they can not give us standards of efficient living for mankind. Let them go their little way, in this little world, to their little graves. They are the wasters.

Emile Faguet puts this present day problem, resulting from highly developed individuality, within the facts when he says:

"In every profession (business as well), to sum it all up, the root of the evil is this, that we believe that mere dexterity and cunning are incomparably superior to knowledge and that cleverness is infinitely more valuable than sound learning."*

The Limit of Equality

This is due to the age-old difference; the fight between aristocracy and democracy, between knowledge and mere experience, between class and individual.

A democracy which scorns efficiency digs its own grave; because, if all men are created equal, the suitor is as good as the judge, the layman as the expert, the patient as the physician, the workingman as the expert engineer, the office boy as the manager, the student as his teacher.

* "The Cult of Incompetence," Emile Faguet, pp. 170-171.

The fault lies in a two-fold negligence of the aristocrat—the negligence of the body and of the mind of the democracy.

The democracy, with its individualistic tendency, soon spreads its doctrine of equality in politics to cover all things. From one man's being equal to any other man before the law, he becomes equal to any other man in government, business, art—everything.

The true democracy will always have an aristocracy of brains and of skill which the democracy will use for the common good.

The true aristocrat looks upon the democracy as necessary, as the doer is necessary to the thinker. This is the ideal of business as well as society. We must strive for it.

CHAPTER XXX

ACCORDING TO THE RULES

A friendship founded on business is a good deal better than a business founded on friendship.

—JOHN D. ROCKEFELLER.

It may happen that I shall find solace in that which brings sorrow to you; and that which to you speaks of gladness may be fraught with affliction for me. But no matter—into your grief will enter all that I saw of beauty and comfort, and into my joy there will pass all that was great in your sadness.—MAETERLINCK.

The Prevalence of Law

Even Art does not "happen." The artist must study technique in order that he may perfect his expression. There is an exhibition every year in Paris where the men who think art is lawless, show their work. Wasted years, talents, despair, tears, cynical laughter, and impotence are there. Once in a while one "finds himself," only to turn from those who have outlawed themselves and to turn to the law, for he finds a greater freedom within that law. That poor "Napoleon" of the insane asylum is free to be Napoleon, and yet he is imprisoned. He has no mental shackles, yet is he not the most pitiful of slaves? If there is "many a mute, inglorious Milton" who has heard harmonies he could not utter, so there is many a palsied Rembrandt who has eaten his heart out amid visions of form and color which his hand is never destined to immortalize on canvas. Intentions do not make an artist; are not too many artists merely men of artistic intentions? The real, the supreme test is—What truth is there in the work they do?

Some feel that art should spring full-armed and glorious from the inner consciousness of men, and that it has no relationship to the light that has burned in the minds of men for a thousand years. Yet one of America's greatest painters, William M. Chase, in writing of his student experience at Munich, said, "I set to work to find out how to begin a picture, an important and neglected step; too many are hurrying on to give what is called 'finish' before they have grounded their work in truth, which must inform and uphold the entire structure."

Probably the most persistent and typical characteristic of the rule-of-thumb man in any walk of life, is the manner in which he points to the artist as a man who does not believe in the application of the laws of science to the work of the human animal. That all the great artists of the world have borne testimony to the inspiration of science, that a grasp of science in its fundamentals and essentials has been a common quality of all genius, of course, is absolutely ignored, because such rule-of-thumb men are neither familiar with genius nor with the works of genius. Because a second-class mind is always more concerned with its liberty than with its duty, it is always more concerned with trying to establish its superiority *to* law than with its mastery *of* the law.

The Method of Saint Gaudens

A very interesting story is told by the son of Augustus Saint-Gaudens, of the way the great sculptor taught his students:

"Then when the prepared student came to my father's hands, he was told to work as naively and as primitively as possible, to leave no tool marks showing, to make his surfaces seem as if they had grown there, to develop technique and then to hide it. He assured them that they need never fear ruining their imagina-

tion or their sense of beauty by their attention to the fundamentals while in class. *Æsthetic* qualities, if ever in them, would remain, though they could not be acquired at any price if not inherent. They were in the school to learn to handle their tools and to copy the model accurately and absolutely, until the ability to construct became automatic. They should be right even if they had to be ugly, and to that end they should take all the measurements they wished of a model, almost pointing the model down to their statue if they desired. Occasionally an inspired youth would remark that he never measured his work, upon which my father would promptly rage, for he said: You will have trouble enough in producing good art as it is, without scorning such mechanical means as you can take. Besides, continuous measuring will train your eye to see accurately. Nobody can give the length of a foot offhand as well as a carpenter."

The Individuality and Science

The art of business is practiced in the same way. Business men will find that the sciences will train their minds to see accurately, to understand clearly, for, "even a science is in itself ultimately perceptible as an artistic construction, and that all the arts live and renew themselves by the sense of truth."

When a man sees the full truth in a thing, he does so with his mind, his soul, and his body. If the scientific attitude towards the thing to be done stifles the ability to do it, it is because the man who is to do the work, hasn't the power to play the game according to the rules. While at the University of Pennsylvania, I knew Winchester Osgood, who came to us from Cornell to study medicine. He played half-back on the football team. Osgood was a great individual player, but he wouldn't follow interference, he played by himself. We used to hold our breath every time he got the ball. Many times he won but every time he failed was when he didn't play the game

according to the rules. He was an individualist; if he had been a strong team player, he would have been one of the greatest half-backs the sport has ever produced.

There are such men in all organizations. Here is the man who is "born to be a salesman," who looks upon all instruction as an invasion of his sacred individuality. He does not understand that individuality is the power to do a thing right and not the privilege to do it wrong. Within the rules of the game, a man finds the greatest possibilities for the expression of a self worth while.

The Germans, who have been trained to observe scientifically the laws of life, are today great in the drama, in music, in painting, in commerce. Why? Because they are training body, mind and soul. The Germans are revived by thought; they find relaxation in changing the effort of the mind. The Germans have backbone, mentally, morally, and physically; they are not afraid. Tell a German artist that scientifically formulated truth would injure his individuality, and he would say, "On the contrary, I need it to find the utmost boundaries of the world, that I may work on the edges of it. I am glad that I have but two hands to do the things I do well, because it is my pride that I can do what I do as well as it is done, with but two hands. I might have four or a dozen pairs of hands, but that would only change the range of application, not the law."

By the Rule

The real artist, the real lover of fine things done well, loves the work done according to the rules of the game.

The football player loves the game because he can boot the ball between the goal posts and can make his "downs" according to the rules. The clerk finds a pride in striking a trial balance the first time, because it shows

that by the standards he has done his work well. The manager who is told that he must produce five millions of sales and not spend more than 22.8 per cent for selling expense, is "tickled to death" if he can do it for a per cent less than the estimate.

Thus a man finds the limitations of his work and makes that knowledge a means to success. When John Wanamaker started in the retail business there were no limitations of the amount a salesman could charge a customer for a suit of clothes. There was no limit on the salesman, but that fact created a decided limit on the confidence of the customer; hence the customer expected and welcomed the fight—and called it bargaining. Wanamaker realized in such a battle when there was competition all the advantage lay with the customer. So he said, "I'll limit the salesman to one price and thus take the limit off the customer's confidence."

The Supremacy of Law

To say that great individuals are above law is to say what cannot be true. It is such men who find the true law. Harriman in his railroad work had laws to follow; they were just larger than the laws you and I have to follow. Just as the law of two multiplied by two equals four is our law; so the law of higher mathematics which underlies the logarithm and is beyond us, dominates a line of thought we may not comprehend.

Emperor William, who works with his ministers until three in the morning to keep the German ship of state on an even keel, is just as much worried as we would be if rudely wakened by the clang of fire engines in our front yard, and told our house was afire. The size is different, the worry is the same, the law is the same. Life is not "different" in the palace on Wilhelmstrasse than it is in

the cottage on Smith Avenue; so every man who rails at law, custom, rule as "fettering his talents," doesn't practice what he preaches; he just calls law a different name; *i. e.*, impulse, intuition, inspiration, but nevertheless the law holds him in a grip that he can no more escape than he can escape his shadow.

The Rules of the Road

Every man should feel the thrill of mastery—if I may paraphrase another—to the ecstasy of knowing that something of his own has survived the dangers of the road and has arrived at a goal of success. As an employer, you can not afford to deny the worker that pleasure, if you would get his best; as a worker you must not deny yourself that impetus by making it impossible. You can not ignore the past of your work. Gounod said: "Study the masters, find what is great in them, think their thoughts, feel through them, work after their style." A man can not be original, except he be a bad original, who does not have a deep intimacy with the great things that have been accomplished. As a master-builder once said: "If you begin at the end, you are in danger of ending at the beginning."

No artist can express to the full his individuality until he has learned his trade. To learn one's trade is to learn how the masters have given full expression to the soul, mind, and body in their work. Before you may be able to give that expression for yourself, and until you are able to do it, you are unable to see what your work is worth, and you are using your own abilities to so much disadvantage. You must creep, then walk, then run—that is the rule in all art, science, life. The child's eternal question is "Why?" and the Christ said, "Except ye be converted and become as little children, ye shall not enter

into the kingdom of heaven." He urged simplicity, and simplicity is getting back to the first principle, the original little thing from which the big things come. Descartes said, "Take nothing for granted." If the business man is "too busy" to find out, he will have to take chances—and the gambler always loses.

Big men know the law and obey it; they think, and know and then act; they get the facts, not opinions. Why? Because nothing else pays. They know the consequences.

Lowell said, "A poet who has resolved to be original, generally ends in being simply peculiar." Dryden tells us that Milton was the poetical son of Spencer. Shakespeare imitated Lyly in "Love's Labor Lost;" in "Titus Andronicus," he imitated Kyd, and in "Richard II," he imitated Marlowe. By these imitations he attained the greatest of his tragedies and abilities; through such practice he found the "rules of the game." He found the scientific basis of the work he had in mind to do—and no less surely because it was art.

The Testimony of the Masters

It would be well for every man suffering from fear for his individuality, to read Emerson's "Quotation and Originality." What would you think of a pianist who resented the fact that he had to use the machine according to the laws of the sequence of the notes on the piano? Napoleon was a great doer of deeds, a great artist, yet he was a great scientist. As he said when he was still in Italy:

"Great events hang by a thread. The able man turns everything to profit, neglects nothing that might give him one chance more; a man of less ability by overlooking just one thing, spoils all."

The training of Napoleon in artillery science caused

him to denounce vague and false thinkers when he said: "A few lessons in geometry would do them good." On another occasion he said:

"There is nothing in the military profession that I cannot do for myself. If there is no one to make gunpowder, I know how to make it; gun carriages, I know how to construct them; if it is founding a cannon, I know that. If the details in tactics must be taught, I can teach them. The presence of a general is necessary. He is the head, he is the all in all of an army. It was not the Roman army that conquered Gaul, but Caesar; it was not the Carthaginians that made the armies of the republic tremble at the very gates of Rome, but Hannibal. It was not the Macedonian army that marched into India, but Alexander. It was not the French army that carried war to the Weser and to the Inn, but Turenne. It was not the Prussian army that defended Prussia during seven years against the three strongest powers of Europe, but Frederick the Great."

The master must know more than one thing. He must think, he must feel, he must do, whether he be the manager in the store, shop, factory, office, the craftsman in the factory, or the artist of any sort.

Laws of Efficiency Control

Every business and every man can be helped by observing the laws of science, and no business and no man can become the greatest and strongest unless those laws are observed. The ten commandments are the ten efficiencies of social order, and no man is perfect unless he observes them. No man is hurt in any of his powers of mind, body, or soul through their observance, and all men are stronger because of them. No business is so "different" that it can ignore the laws of efficiency, as no business is so big that it can ignore the law of society. No man is so big that he can ignore the law, and any man who says he is above the law, is a fool.

When a big business man came before the Interstate Commerce Commission, and made the remark that Mr. E. H. Harriman "moved in a world apart from the common herd," he said what was true, because Mr. Harriman's performances moved in a world apart from the common performances; but to give the world the idea that any set of men thought Mr. Harriman was "above the law," was one of these badly stated half-truths which the Mob grasps as a club with which to beat Brains into submission to Ignorance.

The Test of Efficiency

In the development of efficiency, consequences are taking the place of intentions. The efficient man no longer apes a thing because it has been done before. The Chinese sailor paints eyes on the prow of his junk, in order that it may see its way through the fogs of the rivers. He has done it for centuries, but he has never kept any record of those junks that were sunk through collisions, notwithstanding the eyes. So business men continue or refuse to advertise, without any investigation of the effect of their decisions. The mere fact that Mr. Harriman for many years ignored the public interest in what he did, gave all the little minds which travel in the ruts worn by greatness, an opportunity to do those things which make the Interstate Commerce Commission necessary.

This great fight for efficiency is a fight of individual perfection against individual imperfection—the conquest of mind and soul over the body. It is a revolution in our ways of thinking. As George W. Perkins recently said: "Our law makers have very rarely been business men, and our business men, hardly ever been lawyers. The law makers have been speech makers, and our business men are rarely speech makers. The law makers lacking in

business sense and a realization of the economics of business have had their side of the case represented. They have made speeches against business, currying favor with the mob, and we are due for our seven lean years in consequence."

I reiterate: We have been a nation of doers and not a nation of thinkers. Over a million patents have been issued at Washington and it is estimated that 70 per cent of them represent wasted time and effort and thought, because with all our boasted business sense, our inventors are typical of the country; *i. e.*, they didn't attempt to find out why a thing should be done or how it had been attempted or to familiarize themselves with the history of why the thing was done. They did not start work on the sure foundation of previous experience, but they preferred being "free individuals"—to go ahead and invent something, and then find out that it had been better done before, or that it was of no value after it was done. They were the slaves of their own ignorance, by a law more inexorable than the one they despised.

The Efficient Individualism

A new day is dawning when we shall realize that the greatest individualism is only possible under the reign of law; which teaches, that it is better to be constructive than destructive; that co-operation will take the place of competition; that the thought and work of today will co-operate with all the best thought and work of yesterday; that labor will co-operate and not compete with capital for rewards that must come to both; that all questions must be solved for the greatest good of the greatest number when we get together on the common ground of faith, of work, and of scientific thinking.

We shall have the upbuilding of a John Wanamaker to

make retailing more safe and sane and sure. We shall add a new meaning to the religion of the future when we interpret the text "To him that hath shall be given" to mean "To him who hath the ability shall be given the reward." There will be fewer tragedies of the misfits. We will make expert audits of men's tastes, abilities, circumstances, traditions. We will realize that the great work of such men as Professor Frank Parsons, whose gospel of fitness as preached in "Choosing a Vocation," should be the guiding code of the employer and the employe, points a new way for individualities to attain their true places; and all that lies in life that you and I are to grasp, will come to our hands; for life is only as big as we are.

PART X

That Letter to Hooker

CHAPTER XXXI

THE BASIS OF DISCIPLINE

"You see yonder wall?" asks the General.

"Yes, General."

"What color is it?"

"White, General."

"I tell you it is black. What color is it?"

"Black, General."

"You are a good soldier."

—VICTOR HUGO.

The True Discipline

General Nelson A. Miles tells this story to illustrate how the literal mind frequently interprets discipline: There was a certain colonel who, in the middle of a campaign, was seized with a sudden ardor for hygiene. He ordered that all the men change their shirts at once. The order was duly carried out except in one company, where the privates' wardrobes had been sadly depleted. The captain of this company was informed that none of his men could change their shirts since they had only one apiece. When he reported this fact, the colonel hesitated a moment, then said firmly: "Orders must be obeyed. Let the men change their shirts with one another!"

Not infrequently we find employes in large organizations "changing shirts with one another"—going through the form, obeying an order just because it is an order, but getting none of the spirit of true discipline, which means co-operating to make the benefits of rule or order effective. The discipline of a business organization is reflected in its ability to deliver to the right place, at the right time, the exact kind of information, commodity, energy, or re-

sults which the system at its highest efficiency can produce.

The Work of Discipline

The part that discipline plays in an efficiently conducted business is educative. It educates the employe to do the work without waste. Its motive is to nurture productive powers and eliminate wasteful methods and attitudes. Discipline develops power from strength, as the trained athlete is made from a clodhopper; it makes clear thinking of muddy dreaming; it translates mere busy-ness into dollars; it extracts facts and figures from intentions and opinions; it creates mastery out of cleverness; it breeds enthusiasm in cold hearts; out of a mere human being it makes a man.

Harrington Emerson tells of a machine shop employing a thousand men, which he visited one dark morning in February. As the whistle blew at seven A. M., he watched the ammeter line. The power consumption rose instantly to peak and stayed there. He tested it again at noon and again at six to get the line of lowering and raising. It remained unusually stationary. It was apparent that the shop was well disciplined.

In railroads where there have been a number of obstructions on small branches, want of discipline has produced the lack of co-operation among the parts, thereby reducing efficiency. A Western road which has devoted a large expenditure to the advertising and development of a special train between Chicago and New York, found that the division for which the train was originally advertised took excellent care of its schedule. Out of thirty-nine times the train was late at either terminal, 93 per cent of the time lost was on the New York end of the system; because the latter system had a train of its own in

which it was particularly interested, and one which entered into competition with the train of the absorbed system.

Discipline is a principle of efficiency; without it we cannot get power from where it is to the place where we want it to be.

The Discipline of Lincoln and Lee

During the early days of the Civil War, President Lincoln was the secret object of pity on the part of Seward, Chase, Cameron, Blair, Greeley, and General Scott, and all the stay-at-home managers of the nation, because he didn't enforce "proper discipline." Seward, his Secretary of State, started out to be the Warwick of the administration, the power behind the throne, but was made to realize through that famous letter which Lincoln wrote him, that Lincoln was going to be President; yet Lincoln retained Seward's friendship and co-operation. In the diary of Secretary of the Navy Gideon Wells, we have some illuminating sidelights on Lincoln's methods of handling these men and issues, which were those of a generous-hearted father dealing with a bunch of able and intensely human boys.

It was the Confederate General Lee's inexhaustible patience, tact, and sympathy which sometimes made him appear to lack in the iron with which authority must be known to be plentifully supplied. Jackson was Lee's opposite; Lee was more like Lincoln in method; yet of Lee, General Hooker of the Federal forces said: "With a rank and file vastly inferior to our own, intellectually and physically, that army has, by discipline alone, acquired a character for steadiness and efficiency unsurpassed, in my judgment, in ancient or modern times." General Hooker never found the secret of that discipline. Lee loved his

men and trusted them, that was the secret of it all. He received what he gave.

Lincoln's power for mastery rose to meet emergencies; when Seward offered to relieve the President of the burdens of the presidency, Lincoln didn't fly into a passion, but with precision and dignity he firmly put Seward in his proper place. If Seward had resisted there would have been plenty of heat in a moment, but Lincoln knew Seward was honestly sincere in his offer. We might contrast this attitude with that of the general manager of a plant employing 7,000 men, when asked to put in a suggestion system: "What for? Do you think I want that crowd of men to get the idea they can show me how to run this plant?"

The Hooker Letter

Lincoln had the ability to recognize the inherent rights of individuality and to make that use of them referred to in a preceding chapter. Lincoln mastered the essential principle of discipline—the power to direct the powers of the minds and bodies that worked with him, so that they worked in harmony with his own high efficiency. Probably his letter to Hooker, when he appointed that general to the command of the Army of the Potomac, is a perfect example of disciplining a man while granting him a favor:

Executive Mansion,
Washington, January 26, 1863.

MAJOR-GENERAL HOOKER:

General—I have placed you at the head of the army of the Potomac. Of course I have done this upon what appears to me to be sufficient reasons, and yet I think it best for you to know that there are some things in regard to which I am not quite satisfied with you. I believe you to be a brave and skilful soldier, which, of course, I like. I also believe you do not mix politics with your profession,

in which you are right. You have confidence in yourself, which is a valuable if not an indispensable quality.

You are ambitious, which, within reasonable bounds, does good rather than harm; but I think that during General Burnside's command of the army you have taken counsel of your ambition and thwarted him as much as you could, in which you did a great wrong to the country and to a most meritorious and honorable brother officer.

I have heard, in such a way as to believe it, of your recently saying that both the army and the government needed a dictator. Of course it was not for this, but in spite of it, that I have given you command. Only those generals who gain successes can set up dictators. What I now ask of you is military success, and I will risk the dictatorship. The government will support you to the utmost of its ability, which is neither more nor less than it has done and will do for all commanders. I much fear that the spirit you have aided to infuse into the army, of criticising their commander and withholding confidence from him, will now turn upon you. I shall assist you as far as I can to put it down. Neither you nor Napoleon, if he were alive again, could get any good out of an army while such a spirit prevails in it. And now beware of rashness; beware of rashness, but with energy and sleepless vigilance go forward and give us victories.

Yours very truly,

A. LINCOLN.

Wherein Hooker Was Right

In point of fact, subsequent events proved General Hooker was right—the army did need a dictator. It wasn't until General Grant was made the practical dictator, "in full command of all the armies," that the Confederacy was fought to its finish. Hooker was ahead of his time. If Hooker's superior had given more attention to his suggestions and had not been overcome by his lack of discipline in offering them, there might have been a different result. Lincoln afterward had cause to revise his judgment that "only those generals who gain successes can set up dictators," for he found that success

comes of the laws of nature working out through the plans of men.

Grant insisted upon different methods of handling the army and got them; but Hooker tried to do his work the Washington way and failed. Just as Colonel Goethals told Mayor Mitchel of New York, that he could not accept the position of head of the New York Police Department unless he had complete power of hiring and firing; so clear-headed men will not be hampered by rules made to hold incompetence or knavery in office.

The Basis of Discipline

I do not get the same cold lesson out of Lincoln's letter that some have done. With some the principal point in the letter is that Lincoln found fault with Hooker for criticising his superior officers. Loyalty to a cause and to a business calls for a higher discipline than loyalty to any individual. Loyalty to the vision of things well done is worth more to the business and to the world and to society, than loyalty to John Smith, whether he be president of the republic, a general manager of a house, or the town constable.

The idea of making even a just criticism of the management to inferiors, who cannot remedy the fault, is as foolish as the notion that all unimpeachable knowledge lies in the man who occupies the chair of general manager. Good discipline does not rest on any frail foundation of lip service. Discipline depends on two things which managers must gain and foster, and which no subordinate can give unless he has them, viz.: enthusiasm for the cause; confidence in, and love for, the man who knows.

The Basis of True Authority

Some business men think authority is the big stick, gold letters on an office door, or a man behind a big ma-

hogany desk, or the uniform on a policeman, or the epaulets on the shoulders of an officer, or a title, or gray hairs, or a diploma. It is none of these things. These are only the catch-penny symbols of authority. They are good things to impress the mob. They never did authority any harm, but, after all, they are simply the titles of the book. Authority lies within.

"Authority is the extent and quality of the knowledge of the evolution of anything," wrote a keen business man to me the other day, "whether it be in mind or matter, whether it be a thought or an action, or a development, from its creation. It is almost always to be found in its greatest degree in its creator."

"It is the extent and quality of knowledge"; in other words, authority flows to him who knows.

Many young men and a lot of old ones have always believed if they get a big title in a big private office they are getting authority; they are getting only the chance. They have to fill the office before they get the counterpart of authority. Authority is the thing that you implant in the other man's mind. It is the dominion your mentality establishes over him. It is the fear that you may be right, that you implant in his mind. It is the thought that you make him think: "Look out for this man; he knows," that you implant in his mind.

A man doesn't have to press his suggestions, or enforce his orders, if he knows and you know he knows. He has authority. He doesn't have to have a title, epaulets, a uniform, a private office, or a mahogany desk. Make no mistake in this matter, however, a title, a uniform, a mahogany desk, a private office never hurt authority. They have always helped it, no matter how big it was.

Authority springs from disciplined knowledge. The

great need is for executives whose authority lies in their knowledge, not in their offices. No board of directors can give a manager authority; they can give him his title, but his authority comes from within. For this reason, organization directors are analyzing the requirements of managerial positions in order to fit the job with a man who can fill it.

Seniority should never be considered in filling thinking executive jobs, when a concern does that very rare thing —looks on every department head as a possible general manager.

The Filene Standard

Filene's department store in Boston makes a very interesting analysis of the duties of an executive, for the purpose of establishing a standard of qualifications for applicants:

Organizer:

- Ability to detect weak points in the present organization.
- Ability to look ahead and provide for future needs.
- Ability to locate and build resources for securing employees of a better type than the average applicant.

Analyst:

- Ability to judge men with limited opportunity, as in engaging new men; with more favorable opportunity, as with men already with the firm.
- Ability to recognize the limitations of men.
- Ability to recognize the possibilities of men.

Executive:

- Qualities of leadership.
- Ability to handle men, to secure loyal service to the best ability of each.
- Handling of force to greatest advantage for efficient and economic service.
- Initiative.

Educator:

Ability to provide training for people of promise for positions of larger responsibility.

Ability to provide that each person shall personally be equipped with a thorough knowledge of the duties of his position.

Education:

Sufficient to enable him to meet intelligent men on equal footing.

Sufficient to have made him a trained thinker.

Sufficient to have made him successful by the use of his mental equipment combined with hard work.

Experience:

Of an executive nature—preferably in a large organization, in a capacity where he has been responsible for results by his own ability as an organizer.

Character**Personality**

A general manager of a furniture company recently said a thing right to this point:

"For compulsion (in handling a sales force) I would substitute co-operation; for coercion I would substitute companionship; for surveillance I would substitute responsive sympathy."

Criticism vs. Detraction

The distinction between the initiative which makes a man tell the general manager where the latter is wrong and the cowardice which causes him to take his fellows off into a corner and tell them what a fool the general manager is must be apparent. One is the work of a man who is willing, if need be, to sacrifice his job through a high sense of loyalty to the interest of the house; the other is cowardly envy making trouble for a man who is bigger than he is.

Lincoln criticised Hooker for an ambition that was cowardly, not merely because he had criticised the methods of running the army. The methods of running the army had been wrong or Burnside would not have been displaced by Hooker. Hooker failed because he had supported his ideas by intrigue, innuendo, and cabals; he had not acted right, if Burnside or Seward were open to suggestion. The latter was not noted for open-mindedness, and the conduct of the war until 1863 demonstrated it.

"Master of Himself"

Probably there is no man in history who illustrates better than Lincoln the first great essential of discipline, "He who would master men must first be master of himself." "Mastering," however, has been made to mean the least of its qualities; *i. e.*, keeping one's temper, when in reality that is but a small part of self-mastery. Every day we come in contact with men who have excellent command of their tempers, but who haven't command of anything else. They are nice, easy, pliable chaps, who get along beautifully with the people about them, who do their little unimportant tasks with an equable, serene confidence in the ultimate satisfactory outcome of things, and pass through life like pale shadows, leaving but a slight impress on the memories of those who knew them.

Master of Others

The volcanic force of great vitality when suddenly arrested by the ignorant interference of lesser minds, generates heat; witness the self-contained Washington's famous battlefield interview with General Lee at Monmouth, when an eye-witness says the great commander "cursed until the trees shook."

When some ignorant and myopic act of a subordinate threatened to stop temporarily the execution of great plans, Henry H. Rogers would fly into a passion that made subordinates take to the outer offices.

The anger of the elder Morgan was epic. We have heard of several classic examples, notably when he told some New York bankers what they had to do in the panic of 1907. The temper of J. J. Hill is a by-word among the employes of the Great Northern.

A. T. Stewart disciplined his men from assistant to office boy in his army of five thousand. The story is told that a salesman at the dress-goods counter by inattention and neglect had accumulated \$14 in fines in a single month. He protested to the department head, but finding him inexorable took it "up front." He told Mr. Stewart that he would rather leave than submit to such extortion. "Leave, sir! Leave!" burst out Mr. Stewart in that high shrill key he used when angered. "Indeed, sir! you are dismissed! Any man that can out of a salary of \$60 a month accumulate \$14 in fines furnishes excellent proof that he is of no further use to me. Clear out!"

These men, masters of themselves, can master others. The idea that great men are coldly calculating; that their minds work like some automatic machine which drives irresistibly toward the consummation of given objects, is rot. With these men passion is superheated energy generated by opposition. It is simply that additional power called up to override opposition and to push an idea through to its consummation. As a matter of fact, it is the perfect discipline of their powers that makes passion thus automatically respond to opposition.

CHAPTER XXXII

DISCIPLINE FOR GROWTH

Scientific management can be developed in any group of people only through a course of individual and collective discipline that must last over a long period of years.

—Morris L. Cooke.

The Purpose of Discipline

What is the most efficient method of increasing discipline? By discipline, we desire so to direct the thinking and emotions of men that we may give them enthusiasm for the right thing and confidence in our leadership. We must never kill enthusiasm, for when we, in any manner, permanently lessen the ardor, zeal, courage, or sympathy of the worker, by so much is our discipline a failure, because it takes the emotions out of life; and a life without loves, hates, hopes, and fears, is a life not worth living; when taken out of work, the work is not worth doing.

Intellect, and its fruits—ideas, systems, and principles—are dead, if they have no emotions to give them zest and flavor. We must stir men to think, so that they may arrive at truth; hence the discipline of the facts of experience; given that, we must stir their hearts to a love for the ends obtained and the vision born. Out of it all, we get the discipline which makes every power of mind, soul, and body instantly responsive to the call of the work and the cause. This applies to the boss as well as the worker. Analysis gives us three methods of disciplining for growth—for regulation, not strangulation, of our powers:*

* "The Natural Way," Patterson Du Bois.

First—Discipline by Indirection.

Second—Discipline by Deflection.

Third—Discipline by Counteraction.

The Discipline of Indirection

The discipline of indirection is illustrated by placing a man in an atmosphere where he can do his work only in the right way, because it will be the easiest way to do it. It is like putting a recruit in the middle of a veteran company in close formation. If he doesn't keep in step, the man behind him is going to walk on his heels, the men alongside will jostle him, and he will walk on the heels of the man in front. Unconsciously, he will keep in step.

A Book of Management

Some time ago I began collecting material for a "Book of Management," preparing it from observations and suggestions I got from a wide correspondence with executives, together with adaptations to the needs of our business from the speeches and articles of others, adding also the results of conferences with our department heads. I had five copies of everything made and let it be known at our regular weekly department meeting that such a book was being prepared. The book grew to two volumes of about two hundred and fifty typewritten pages each. From the first, certain young men in the business read the new material. Soon the leaven began to work. New ideas plainly traceable to the "Book of Management" began to torment the heads of departments, where "everything was all right."

Then came changes, because the "Book of Management" rather accurately described, with the aid of certain well-known managers, the kind of department heads who

were content to leave things alone. I was careful to trace every article to its practical source, to show that the recommendations were in successful use, and frequently I would show the application of an idea to some weakness of our own, and then insert a copy of a letter giving later details than the article contained.

I urged no one to read the "Book of Management," and only the more aggressive of the young men did read it, but it started a lot of action. It soon became a part of the regular reading diet of a number of the assistant heads and a few heads of departments.

Montesquieu says: "To suggest where you cannot compel, to guide where you cannot demand, that is the supreme form of skill." I might say the same of salesmanship as of management. Contrast this with the rule-of-thumb methods of the manager who works on a basis of personal loyalty, military in its spirit.

Stop asking if your employes are loyal to you, but ask if you are loyal to them. Be assured, if you are not, you have no loyalty from them. There is no discipline possible unless there is loyalty.

Noblesse Oblige

Under the military system it is always the private who is in the wrong; it is not possible for the boss or the manager to be in the wrong. Under scientific management, however, it is realized that there is a duty of instruction of the inferior by the superior, as well as a duty of teachableness from the inferior to the superior. Under scientific management, it is realized that this duty of the superior to the inferior is very much larger, both in scope and quality, in tension and social value, than the duty of the inferior to the superior. I believe that it is vastly easier to instil loyalty into the heart of the inferior

when the superior shows that his rule is for the benefit of the inferior, and that benefit appears as soon as the spiritual, physical, and mental powers are increased.* This calls for the discipline of knowledge.

Discipline by Indirection in Operation

Soon after Mr. Frank A. Vanderlip, now President of the National City Bank, of New York, went to Washington, he was made Assistant Secretary of the Treasury. Among other duties, he was given that of raising the efficiency of the department. He found that a number of the heads of bureaus, etc., got down to their offices from fifteen minutes to an hour late. He made it a practice for nearly three weeks after he found this out, to reach the office early and call up the heads of the subordinate bureaus, and if one wasn't in, he would ask the chief clerk to draw the chief's attention to his call. The head of the bureau would arrive late and find that Vanderlip had called him, and on making inquiry of Vanderlip, he would probably find out that the "matter had been attended to." After this happened two or three times, the head of the bureau would be there to answer that 'phone himself.

The discipline of indirection was thus applied to a green clerk in an office: in handling certain accounts, the clerk to the left of him gave him bills to be entered according to printed instructions in certain sequence, and the clerk on the right of him had to receive the bills in the same sequence. After a week of trying to do it in a way different from that given in instructions, he fell into line. At first the instructions were carelessly regarded because the undisciplined mind always tries to be different, but the clerk soon got in line because it was easiest to do it right.

* See "The Spirit and Social Significance of Scientific Management," by Morris L. Cooke, *Journal of Political Economy*, June, 1913.

The average man will come to realize that he will do his work easiest by following the law. He gets more done and more satisfaction out of doing it by following the right way. The discipline of indirection is felt in a church. Enter it; you feel the soft lights, the hushed silence, you step more softly, speak in a lower tone, you are under the discipline of suggestion. Any office could have such an atmosphere, as Cortelyou required in his when he was Secretary of the Treasury.

But suppose our man has outside influences at work and has already formed bad habits. He fails to get the spirit of the new way. He does not get in step. Then you must concentrate on him, give him constant direction by surrounding him more closely with suggestions of the right way to do the work you want done; in other words, deflect him from the course into which his bad habits force him by stopping him in every by-path, and putting up signs, so to speak, that keep him to the main road. Deflect his attention to the main purpose by constant suggestion on each thing he does; watch him closely; be helpful; be careful; let him see why the other men are getting ahead. Not only tell him they are, but tell him why that man got an extra vacation, and the other, a raise. Let him feel a constant urge back to the right line, but do not command or prod or "call him down." You are arousing his desire to meet your confidence and to merit your faith.

Discipline by Deflection

An example of discipline by deflection was shown in a mailing department where there were a large number of girls occupied in writing envelopes. Errors had been a constant source of annoyance and expense. Instructions had been issued, discipline by indirection had been tried,

and yet the errors persisted with only a slight decrease because the girls did not realize that following orders was of personal interest to them. The principle of playing a game was introduced; the game idea is one of the best methods of disciplining a force, *e. g.*, contests in selling organizations.

A large blackboard was put up at the end of the room, on which the names of the girls who were handling the work were written. Each morning the inspector listed the score each girl had made the day before. At the end of three or four weeks, promotions were announced and increases of pay given to those who had the best scores, and yet did work of a satisfactory quality. In a short time 70 per cent of the errors had been cut out. This was discipline by deflection. It requires patience, as in training a child. For instance, a child cries for jam at the table, and you deflect its interest to the idea that bread and butter with some apple-sauce added is very much better.

Suppose the discipline by deflection fails because the person has deliberately decided to take a by-path; there is a fixed determination to "do as I please," the while knowing that it is against the rules, wishes, and even the good of the organization. Place before that man the error to which his road is leading him; show him what others are getting by taking the right path, and what he will get by going the path he is pursuing. This will require that you have in facts and figures what the results are. Keep before him for comparison, what he accomplishes, and what those who are following the better road are accomplishing, and if necessary, show to him the inevitable end of the pursuit of his policy—separation of himself from the business. Self-interest will quickly bring him into the right road.

The Better Way

Among the obvious devices of the average business man to promote discipline which he thinks synonymous with efficiency, is a Complaint Department and a system of fines, a relic of the military type of organization.

Both of these are wrong when used alone. They are negative, friction-producing devices of the rule-of-thumb era, when help was easy to get, and markets were so hungry that they didn't care how they got what they wanted. All you cared about was that people should be on hand at certain times and that you could trace errors.

In the new era we have discontinued the Complaint Department and established an Efficiency Department in its place.

We have learned that it is better to call men up instead of calling them down. It is better to prevent error than to correct it.

In an address before a society of business men, R. B. Wattley, Secretary of the United Cigar Stores Company, said: "Our policy in handling our salesmen from an auditing standpoint is indicated by the fact that in our earliest days the department which was entrusted with the work done by the Department of Efficiency was called the Black Book Department. The Black Book and black marks alike have been banished to the limbo of inefficient things, unwept and unsung, and the Department of Efficiency and the White List with its Honor Roll and awards have taken their place."

This is the positive, constructive principle. Mr. Wattley then described the method of applying the principle to the work of the people in the organization. I have seen the same principle applied in sales organizations after years of big-stick work, and in one case sales increased 91 per cent in eleven months. In an office force,

production increased 37.6 per cent in five months. In handling lateness, where good instead of merely bad records were published, lates were decreased 29.3 per cent.

The Effective Discipline

In too many organizations good results are taken as a matter of course, only inferior service is given special attention.

Both should receive attention, and the meritorious service should be noticed, so that every one may know of it.

This is the discipline which is most effective. You make the whole organization work for you, when you award mentions to individuals and departments for excellent service. "My experience has shown me that it is just as easy," said John D. Rockefeller to one of his assistants, "to turn a good man into a poor one as it is to turn a poor man into a good one. Many of the most valued assistants I have around me seemed to be unpromising material at first; and let me say, Mr. _____, that includes yourself. Take time to talk with those young fellows when you are alone. Talk to them about business, just as you would talk to me. Thirty minutes of that will put two years of steadiness into them. They'll have something to think about. You'll be making men instead of employes. Rouse interest and you enlist their interest, and the energies that interest never fail to produce. *The future, not the past, is always the banner to float before young delinquents.*"

Discipline by Counteraction

Very often one may operate on the old rule, "give a calf enough rope and it will hang itself"; *i. e.*, let the em-

ploye go ahead in his wrong-headed course, and when he finally comes a cropper or two, let him get in line. This is discipline by counteraction. Invariably when new assistants come into my department I allow them to "cut the red tape" in my system as far as they like; then when they have tied themselves in a snarl, I see that they work at getting out, and give them the time and attention to unravel the knots and get them started right. I get two results: (a) get them naturally in line with the rules of the department; (b) find if they have a better way to handle the routine and work of the department.

The method of letting them alone has paid. Gradually, if the man is worth while, in an atmosphere of discipline, he will come back to the right road and think that he has done it of himself. He has not felt the weight of authority, but he has felt the push of circumstances. This is the natural way of keeping and developing men. Even Napoleon, strong-willed, passionate, dominating, overbearing as he was, understood this amenable, emotional character of the child in all men. Read his manifestos to his army, of whom he spoke so often as "My Children." That emotional appeal didn't happen; it was one of the essential elements of his method of creating the sense of organization—the *esprit de corps*.

Self-Control

As the individual is constantly striving toward power, whether he be general manager or office boy, the striving must be leavened with a command of self and, at the same time, with the kind of knowledge which commands the respect of others. A careful analysis of enduring commercial success will pretty conclusively prove that the great individuals in business, dominating other individuals and minds, are those who look upon the average man as a

child. To treat the average man as if his were as great a mind as Plato's or as if his were as valuable a soul as Paul's or his heart as great a heart as Christ's, is an absurdity in the face of plain facts. All men are alike in that they have feelings and mind; and we know that mind does not mould men, but that their emotions do. Thus we must mould men by a knowledge of their emotions and of the ways of appealing to and arousing them.

CHAPTER XXXIII

THE ESSENTIALS OF DISCIPLINE

Discipline, or the habit of obedience, is a better sort of courage. Discipline is the acquired faculty of surrendering an immediate personal good for sake of a remote and impersonal one of greater value.—GEORGE SANTAYANA.

Discipline That Kills

Discipline that drives out the desire to make good, that reduces the sales force to a lifeless automatic machine, warns us that ignorance is in the saddle; no big man ever makes that mistake. In spite of Hooker's deficiency in temperament, Lincoln made him Commander-in-Chief of the Army of the Potomac, because he thought he saw enthusiasm, confidence, and brain power in Hooker that would win battles. If Lincoln had been an ordinary disciplinarian he would never have appointed Hooker to the command, because the ordinary disciplinarian conceives discipline to be an end in itself, whereas it is only a means.

Obstacles to Discipline

There are six factors which prevent the growth of discipline in a force or an individuality:

First—Failure to respect the motional force of the heart and to train it for expression; or in the words of Professor William James, “Forget what you feel, what have you expressed?”

Second—Failure to set an example of observance of the principles of efficiency.

Third—Failure to make it physically easy to do the work expected.

Fourth—Failure to see the end of the rules you make from the beginning.

Fifth—Failure to cash in on the enthusiasm which you arouse, by making it do something.

Sixth—Letting the organization or yourself translate pride in its success into indifference to its shortcomings; *i. e.*, letting it get a “swelled head.”

The “Shoulder Touch” of Discipline

Discipline is the law of concentration applied to the energies of mind and body. A self-disciplined man is the man who knows how to do a thing right and insists always that all his faculties shall be concentrated upon doing that thing in that way. Company discipline is the organization sense endeavoring to keep all the employes true to the policy and the vision of the house. Company discipline and self-discipline must work together.

Keep yourself true to the organization and what it is trying to do. Find out what it wants done. Get in tune with it, and if you can't get in tune with it and you find out that something is wrong, talk it over with your manager. Try to find out what's the matter. It may be with you or it may be with the house. That sense of discipline is vastly important, because if you are not in harmony, if you can't get in harmony with the house, the best thing you can do is to get out, both for your own sake and for the sake of the house.

The Power of Obedience

As Bacon said, “Nature is commanded by obeying her,” and that business will command which recognizes that business is always, under whatever guise, business.

A German philosopher said, “Under any given condition, that thing is right for the individual to do, which

would be right if everybody did it." Think that over, and put it as a test to the things you do. Suppose everybody did that thing.

The Weakness of Deceit

If you can't tell a man what to do and how to do it, tell him how he can find out. If you can't tell him how he can find out, ask somebody inside or outside the business, who can give you the information. The disciplined mind says, "Get it—no condition shall thwart me!" and such a mind, naturally and simply, proceeds to find out, because it never occurs to disciplined intelligence to consider a thing hopeless unless it knows.

You know when you can't answer a question, so don't bluff. People may not come back and tell you that you don't know, but they file away in their minds the conviction that you tried to bluff. You have lost in authority by just so much. The disciplined mind hates a lie, because it shows weakness; it hates a bluff, for the same reason.

Discipline and Sympathy

Freedom cannot exist unless there goes with it a thorough appreciation of responsibility. Among all people there must be this restraint of discipline. Discipline is the heart and soul of efficiency. If a man would be free in his work to do the best thing that he can do, he must have the sense of responsibility. He must be responsible for the policy of the house, for the future that it is developing, to his fellow employes; he must have the sense of co-operation, for no man can play the game alone. He must work not only for himself, but for all. If he doesn't work for all, he doesn't work for himself. Discipline is two-sided: it insures that things well done shall be praised; that the failures shall be checked and guided

aright without the harshness which calls attention to the wrong only, but with the sympathy which makes the right way attractive. It is always positive, not negative; constructive, not destructive; and it knows that only the truth about the thing pays because it is the only thing that can survive.

Hugh Chalmers, as a sales manager, developed several vital principles in moulding an organization of salesmen; one was that praise was his greatest sales stimulant because it was an appeal to the emotions. Circular letters and "sales bulletins" issued to sales organizations are far too often mere methods of fault-finding and are not inspirational. The salesman is getting his "bumps" day in and out, fighting his customers' criticisms of the house, striving against the indifference of buyers, suffering the consequences of the mistakes of every underpaid, thoughtless clerk at the home office, and he needs the antitoxin of praise. In that letter to General Hooker, Lincoln is not unmindful of the value of praise—over half of it is written to encourage Hooker.

I worked with a general manager for some years who made it a practice whenever he had occasion to criticise me for a thing that he didn't like, to call me in and state the criticism frankly and fairly and give me to understand that he wouldn't like it to happen again or that he was ready to consider my reasons for doing it. Probably within twenty-four hours I would get a note complimenting me on something I had done well, or I would be called in and told that something I had been urging had been approved. That was his sense of discipline.

The Eye of Discipline

In an organization, discipline arises from the fact that every man unconsciously feels that there is an eye on him,

not an unfriendly, unkindly eye, but just an attentive look in his direction. It may contain a smile; it may contain a reproof for some; it may glare at others, but it must be an eye, an all-seeing eye that is felt in all parts.

The sales manager of a great electrical company makes a practice of sending his men at frequent but irregular intervals a letter calling their attention to something outside the business. On one occasion he sent them a copy of a speech on salesmanship. In that there was nothing unusual, but with each copy went a brief note suggesting that the recipient read some certain section. These sections varied according to the particular man, and he took the time and trouble to mark the sections in the book that he thought would be particularly suggestive to the particular man he had in mind. Sometimes these were suggestions that he thought the man needed. Another time he would mark on the margin, "This sounds like you," when something caught his mind that he remembered the salesman to have said; or "Read this over; there's a point in it for you," and so on down the line. Do you imagine that a man who got such a message dismissed it? Deep underneath everything else the thought came to him, "That man Jones is constantly thinking about me. He's got his eye on me. He remembers the things I say and the things I do." That breeds the sense of discipline.

The Discipline of Facts

The very essence of efficiency is the discipline of facts. If we do not recognize a fact to be the biggest thing in the world, if we do not recognize that a fact has more power than a man, we miss the whole lesson of life, and become futile kickers against the pricks of circumstances, because law is bigger than any man who lives. It is be-

cause the big captains of industry have recognized that facts and laws, which they spend millions of money to find, are bigger than themselves, and that it is by working in harmony with these facts, that they are as big as they are.

The things that the captain of industry works with are statistics; he runs his business as a railroad runs its trains, on a time-table of facts; an efficient railroad is the perfection of discipline.

Time, money, material, and men are the four factors which dominate a business. It is necessary, therefore, for a man to discipline himself to realize that even if he doesn't like the gospel of efficiency, it is bigger than he is. Every book I read, every speech I hear, every picture I see, every thought I think—all my experiences must react in favor of the greatest master interest of my life if I am properly disciplined in all my forces.

The Principles of Discipline

I trust I have been able to show that discipline is elemental; that it is the very foundation of all success; that as you see its observance in any business or life, you find the measure of the success there. Discipline starts at the head of the house; as he fumbles, so fumbles the team. Where you have carping criticism from the manager you hear sneers from the clerks; where you find the Big Stick in the hands of the manager you find the hammer in the hands of the employe; discipline is mutuality and, briefly summarized, must work through and by the principles we have been discussing:

First—The employer must select the right material for employes; and the clerk must select the right kind of a boss, because "you can't make a silk purse out of a sow's ear" in either case.

Second—The employer must pay an adequate wage, and the employe must see that he gets it, because business is co-operation for a common benefit; both sides must work to a common end, because oneness of all the energies of the collective minds, souls, and bodies of the house is essential.

Third—Both must give to the uttermost of every talent, emotion, and power to the end that the plan shall be worked, the policy observed, and the vision realized; *i. e.*, they must be loyal.

Fourth—Both must work on the basis of facts, and must discipline their minds to get facts.

Fifth—The minds of both must be disciplined to realize the simple, human verity that no man can ever know all about anything, no matter how long he lives, and that the immutable law of change makes it necessary for him to arrange his work so that all new things shall come to him in their proper guise, that he may wisely anticipate future developments in the business or the work ahead of him.

Sixth—Both must know that Service in which both sides of any agreement get a fair deal is the only permanently profitable scheme of life or business.

Seventh—Both must realize in their daily acts that there is a best way to do everything, even to finding out how to do it.

Eighth—Both must realize that Truth is the greatest thing in the world: that she rules all things, always. The gospel of efficiency is Truth working through human agencies. It can profit no man to play the game on any other basis.

When a man has achieved this measure of conviction, he will have the very soul of discipline to guide him towards a realization of his greatest powers.

PART XI

The End of the Rainbow

Do you think, my son, that we would strive so hard to find the end of the rainbow if there was not a pot of gold there?—OLD FABLE.



CHAPTER XXXIV

THE BASIS OF WAGES

Men give in proportion as they receive.

—C. E. KNOEPPEL.

Making Men

A Thinker and a Doer, an analyst with a heart, a constructionist with a vision, a man with a plan, is F. G. Athearn, of San Francisco. Ask any of the thousands of men on the Southern Pacific and they will talk with you of this trainer of men for the Harriman Systems. Some time ago Mr. Athearn described the work of his department,* which is to "supply the need for managers and superintendents," now increasingly prevalent among railroads. I shall quote him with respect only to the rewards phases of his work:

"The days when sons follow fathers are gone," he said. "The fact of the matter is that the business of any one thing has become so large and so complex that a man may spend a lifetime in any one of its correlated departments, without ever knowing what any other department does, or how it does it. The army and navy have long since given up the hopes of obtaining their officers from the ranks. The young men for our military schools are selected competitively and represent the flower of the land. We cannot depend on men rising from the masses. It is too slow and too uncertain a process."

In other words, we must make our men; we cannot wait for them to grow. We cannot depend on the uncertain ability to catch the superior man we need when he emerges

* Before the Chicago Association of Commerce, December, 1910.

from the mass of commonplace men in our employ. He may emerge only when he leaves us to gain his greater chance outside our organization. We must organize ourselves to take advantage of every unit of brain power in ourselves and our organization; we must take no chances with our investment in brains.

The Hope of Reward

Right or wrong, men work for rewards. That reward may lie in the honor of being called the President of the All-Star Salesman's Club; it may be the satisfaction of an inner ideal when a man knows that he has won for quality against the temptation to work for quantity; it may be for the purpose of giving Mary and the boy a little home in the country or a trip to Europe; it may be the satisfaction of knowing that you could do what your mind had set as a task for your self-professed ability; it may be for the purpose of calling oneself a millionaire, but the reward must be there.

You must know, whatever the material end, that you are somebody in your class; that you have achieved a position in the mart; that you are more than merely enough to satisfy the demands of the day's work; this is the source of all your power and the motive for all your effort. For ourselves we must achieve something; for our business we must look ahead to that time when this or that individual man-power in our organization will be consigned to Death's scrap heap.

The University of Hard Knocks

Is the business sprouting superintendents — growing managers of its own—or is it going to depend on its competitors being fools enough not to know a good man and let the business have him when our need becomes pressing?

"Your office is not what it should be, neither is your shop or your drawing room if it leads to blind alleys from which there is no promotion and no outlook. You must find outlets, or the equivalent, for capable men in every department. If not outlets then you must find ways in which able men may so improve their work that they will not cease to grow, expand, and become more able, more valuable to the company and to themselves. Railroads and industrial concerns are not thinking of this today! Not until railroads provide proper methods of recruiting for all departments and not until adequate methods of training these recruits and not then until the organizations are prepared to receive and properly provide for retaining competent, able, and ambitious young men, will the railroads begin to climb out of the personnel difficulties in which they are now submerged. What can the managements of our railroads be thinking of to overlook the situation and this opportunity? When will they wake up?"*

This, too, is a problem which "works itself out in most plants." We cannot hope for much from graduates of the University of Hard Knocks. If such dependence be our attitude, we have not learned our lesson well, and we are trusting too blindly that "God helps those who help themselves."

The University of Hard Knocks is a great institution, and in it, the process of elimination has separated failures from successes; and its course has been a good one for the individual of surpassing power and talent. Society has paid the big price of his tuition; for economically, the University of Hard Knocks has been run at a tremendous cost—many times the total endowments of all the universities of learning in the world. The waste has been tremendous; for the rejected, the down-and-outs, the inept, the failures, are making society pay, pay, pay, and society with an asinine stupidity has not found it out.

* George M. Basford, before New England Railroad Club, Boston, January, 1913.

Wages and Justice

In nothing has crooked thinking done more to retard us than in our thinking on the problem of rewards to the thinker and the doer. "Let the law of supply and demand in a free market fix the rate," says the optimistic, rule-of-thumb, practical man. All right, but there is no such thing as a free market, so we prick this bubble of reasoning with the bodkin of one cold fact. The brute forces of capital and labor as a result of this crooked thinking have arrayed their mere money of capital against their mere strength of labor. They have defeated themselves and each other in the attempt to solve the problem of efficient living, *i. e.*, getting more body, soul and mind satisfaction out of life.

Business men must realize that as managers place their whole attention on money profits, employees will concentrate their whole thought on money wages. The lowering of industrial morals begins, as usual, in the directors' room.

The big, the really big, men of individuality and vision in business are now trying to get at all sides of the question of rewards, to get at the justice of the problem. We know that justice will in the long run work out the problem. She always has and will, because the law of compensation, of balance, will not be denied. Our men of education know this, and with more spiritual feeling than was possible ten years ago, are facing the soul and mind phases of what has too long been considered a merely physical question, that of wages. They are realizing that, as a St. Louis manufacturer said to me, "Money wages must be sufficient to take care of the physical needs; wages in training must be given that the men may prosper in mind; and the heart interest must be given to take care of those who, by long and faithful service, and efficient effort, have earned a place in the future of the firm."

Mr. George W. Perkins in his profit-sharing, stock-

selling plans for employes of the United States Steel Company and the International Harvester Company; "Golden Rule" Jones, of Toledo, with his profit-sharing plans; the Filene store in Boston with its co-operative methods; Henry Ford, with his minimum wages, hours of work, and profit-sharing ideas, big and little alike, show that they realize that the average daily wage system alone will not develop that efficiency which comes from body, soul, and mind co-operating with the policy, purpose, and opportunities of the business. Left to his own devices, and the light of his personal experience, the average manager has no fact-founded plan by which to test the methods he would use to determine the right way to reward his helpers.

The rule-of-thumb manager endeavors to play safe by fighting every raise of salaries or wages and, by doggedly standing in the way of every change looking towards more money for the workers, thinks he is conserving his trust. There is a large class of such thinkers banded together to fight wage-scale increase. Labor-unionism naturally resulted. Then both went to war—a brutal, futile, rabid, vicious, bloody war, without sense or ethics on either side.

Society has grown tired of it. What is right? What are just rewards for the Thinker, the Doer, the public?

The Thinker wants a fair reward for steering the business safely past Failure to Success. The Doer wants an adequate reward for doing the work skilfully and quickly. The public wants service, for society says that which is of no use to society is a waste to be eliminated. These appear to me the greater principles back of the problem of rewards.

Education and Business

Men like Mr. Athearn are hired by the thinking corporation managers to take the men who have been trained, as college men frequently are, to analyze, to test, to exam-

ine, to be suspicious of generalizations, to get at the truth, and to give them the experience in the actual work of corporations so that they may become the thinking leaders of skillful men. "We must take men," said Mr. Athearn, "who already have had an education as broad as the land can give. We must look to our colleges to produce that sort of men. I am fully aware of the danger young men from college fall into; they think they know it all. The college can, nevertheless, give the broad, preliminary training and breadth of mind which is essential, leaving for each business concern to establish its own post-graduate school of business administration."

This method of approaching the subject has, in the end, the one purpose of giving an adequate, just reward to the Thinker and Doer and the Public. Out of it will come principles which will be worked into methods of increasing efficiency in individual cases. The leaven that has been introduced into the business life of America by the work of the hundreds of schools and colleges since '65, is slowly working into practical affairs, and the colleges are furthering it by the installation of specialized business curricula, such as that of the Harvard Graduate School of Business Administration.

The Open Mind

Practical business is realizing the necessity for a broader vision, an educated, discriminating interpretation of public and business questions, and a realization upon the part of its managers that no single business experience comprehends all valuable experience. Mr. John H. Patterson of the National Cash Register Company, long ago laid down as his principle of management, "The desire for change is the sign of safety." It is the same principle which prompted Mr. Frank Munsey to tear down a ten-story

building in Baltimore, and to put up one larger and better equipped that efficiency might be increased.

This open-minded attitude toward rewards is vital. Life is change; it is evolution from lower to higher forms, from the mastery of law to higher law, from force to thinking and then to ethics; the process calls for the holding fast of all that we have gained of mastery in the past while we get a firm grasp of the new. One of the managers of a great chain-store in this country recently spent seven months in Europe, much of the time in Great Britain, where he studied the chain-store systems of that country, some of which have as many as nine hundred branches. He came back realizing that "Great Britain can teach us a lot in the economics of the chain-store idea." That fact was his reward for open-mindedness.

Recently, Mr. Sakuragi, of the South Manchuria Railway Company, while discussing the individual characteristics of the different railway systems of America, gave an interesting viewpoint of the methods of commercial Japan. When he called on my firm he had been in this country for nearly fourteen months, and expected to spend nearly a year more studying American railroad methods with a definite program of what he wanted. We might find in this a suggestion for our methods of studying foreign markets. Anyone who attended the Export Convention* held at Washington must have been impressed with the almost ludicrous ignorance of real foreign conditions, displayed by the average of those in attendance.

The Southern Pacific System

What is the sole objective of the Southern Pacific Road in installing the school idea? It has no idea of doing this work for philanthropic reasons; it doesn't do it because it

* In 1912.

loves the human family. It does it because it finds it must train men to be valuable to the road. Think what a reversal of the old time attitude of blaming the worker for not making good. This great corporation is willingly paying men to take a three and a half year course of instruction in railroad operation, that they may be fitted to demand more money from the corporation.

The company bears this expense because it has found that it can't maintain its organization at highest efficiency unless—

First—It gets the right material already trained to a certain point.

Second—It organizes its post-graduate course in railroad operation, so that the men will be prepared for promotion to take charge of its departments.

Third—It pays the men from the beginning an adequate reward for the service rendered.

"At the very start," Mr. Athearn says, "they are paid a regular salary, starting in at \$80.00 per month, and gradually increasing to \$100.00. This may seem like a high salary to pay a young man to learn a business, but to get the right kind of stuff, men who are in demand must be secured, and they must be paid." Thus this railroad has realized the necessity of having a school for officers, where men will be rewarded for going through a set system of work, moving from one department to another, through the entire organization. As Mr. Athearn says, "The catch-as-catch-can plans have all been tried, and all have been barren of results. Under the prearranged plan, which is called 'The Outline of Work and Reading for Students in Railroad Operation,' the student feels that he is going somewhere and is fairly sure of arriving; that is the student's reward for the effort."

is endeavoring at all times to get the greatest possible reward, because he knows the rules of the game and wants to win. It pays the employer better to give one man big rewards for big results than to pay a lot of men little wages for the same total.

The British merchant and manufacturer operates on the theory that it is "a patriotic duty to keep as many men employed as we possibly can." It is a mere truism to state that a yard of British cloth selling for three shillings in the markets of the world in competition with cloth made in America, Germany, and France, has but three shillings out of which all labor, material, and profits on the investment must be realized. If it takes three men in England, two in Germany, two and one-half in France, and one and two-fifths in America to make that yard of cloth at a cost for labor of twenty-nine cents, it is obvious that the individual American can get more money for his yard than his British brother. At first, this seems to be a simple statement. But the consequences are far-reaching; the British workingman gets his lower wage for making that yard of cloth, because in his case the twenty-nine cents has to be divided by three, and we find that he doesn't live on it. As a result, Great Britain has to support a pauper population through poor rates and old age pension schemes. So that out of the total amount of money she gets for her yard of cloth, there is a greater proportion extracted for the support of labor than is true in either Germany, France, or America. There is no reward for British methods in the world's market, because her rules are wrong.

Who Pays Labor's Bills?

Is it not inevitable that society, which permits labor to be underpaid, still has to pay labor's bill? The ultimate adjustment comes in several ways; by excessive taxation for

the maintenance of the paupers and the inefficient, through excessive costs, or through the cruder method of social revolution with its inevitable waste.

Capital and labor must co-operate to determine what are the adequate rewards due both. The immediate result may not be apparent, but it is none the less a result with which the world must reckon. If not in this, the generation after that in which the sweat-shop takes toll of the vigor, vitality, and skill of a generation, the sons of our proprietors will have to pay for the maintenance of degenerates. Some may say with the French king, "After me the deluge," yet society is slowly realizing that it cannot afford to hasten a new deluge while taking care of one brought on by a past generation.

The public is vitally interested. On the one hand we have had the exploiting capitalist who has been so busy in preparing stock and bond issues that he has had no time to think of raising efficiencies.

We are curbing him.

On the other hand we have had the incompetent worker who prefers to be incompetent, who indeed has banded himself with his kind into organizations, and by strong-arm methods has intimidated intelligent workers into accepting the idea that the wealth of the world belongs to those who can take it.

The money-grabber absorbs illegitimate profits, and the drones of the workshop extort payment for work which they do not perform.

The public pays for the work it never gets, as well as the unearned profit.

Prices Rise With Wages

As it was pointed out in a previous Part,* it is false

* Part I.

economics for labor to think that it can raise wages without raising prices. In such a condition capital always has the last word.

A keen observer of markets and industrial, financial, and commercial tendencies* recently called attention to some things which need repeating.

The worker must learn to raise his efficiency far enough above the average to make a market for his skill.

So long as the worker is content to hold himself down to the slowest, most incapable, most unskilful worker, he must be content to pay for that result in all he buys. The worker does not only sell, but he buys. If he overcharges for the amount of the work and skill he puts into his work he must be content to overpay for the amount of work and skill he buys in the articles made by his fellows of the working class. This creates a vicious circle, which grows smaller and smaller. It is unintelligent, inept, and futile to think that what one does should have no relation to what one gets. Rewards should be fixed entirely by what one does. In fact they should be scientifically so fixed.

The Broader Creed

The uneducated seem to think that rewards have no basis except in the wants of the worker. Men will have to learn that they cannot pull themselves up by pulling others down. The worker can climb but cannot pull himself up. The worker will prosper just so long as he serves society. The common good is above the worker or the capitalist.

Workers who will not work, who are content with soup-kitchen rations, and who talk loudly about the "rights of labor," but who will not labor, are radically wrong. It is a distorted idea of social obligation that says "Society owes me a soft snap, but I owe society nothing." Such a philos-

* "Future of the Working Classes," by Rodger W. Babson.

ophy is not even socialism, unless I misunderstand that Joseph's coat of economics and sociology.

There are certain fundamentals of economics, of the law of supply and demand, which must be understood by the worker, or the company must suffer, and the worker will always suffer first.

Just as quickly as the plant raises its efficiency by scientific means, it can raise wages and lower costs. It can then lower prices, too. It gains a steadier, wider market; and the worker, a steadier and more permanent employment.

The present policies of the unions have always had exactly the opposite effect. Only education will drive truth home.

The unions should take this idea in hand and teach it in their schools. There are more than enough wants for the worker to satisfy. It is a narrow and specious fallacy that work is limited by anything but the mind of the worker.

Just as it is more difficult to sell than to produce, and just as price and service are the universal solvents of the problem of selling, so anything that makes it possible for the worker to lessen price, means a growing market with greater work, opportunities, wages, and rewards. There is no supply of gold out of which the drone can be paid save at the expense of the worker. It is by efficiency, with its growth in skill, power of thought, reverence for the truth, gain in self-control, health, high ideals, concentration, and grasp of social and political economy, that the worker will find his uplift, his greater rewards.

Capital and labor must join hands for that efficiency.

In the present trend of economic strife lie dynamite, prison, bitterness, hate, inefficiency, and even death for a slight temporary gain, due more to the rising tide of mechanical efficiency than to any of the benefits to be derived from unionism.

The Gold in the Pot

The simple fact is that the pot at the end of the rainbow contains only so much gold as we may take to it. Society is therefore interested in seeing that every man gets just compensation for his labor ; in order, for one thing, that he may be encouraged to labor ; in order that he may be able to support himself, for another thing ; and, finally, because it has been found necessary that a man should have adequate rewards that he may be kept at top efficiency for the common as well as the individual good. The thing that you and I are interested in, is the method by which this may be accomplished.

The Ends of Efficiency

The whole process of scientific management, and, therefore, the whole gospel of efficiency, comes down to this simple threefold end and purpose:

First—To make an adequate return to society for the protection afforded by its laws and the franchise by which we operate under its influence and through its machinery.

Second—To give to the worker a living wage with an incentive to better living.

Third—To give to the employer just compensation for his time and effort and for the money he risks.

Efficiency and the Worker

Mr. Harrington Emerson, in an address,* said: "The basis of scientific efficiency as applied to management is as follows :

"First—It selects men who will find pleasure and delight in their work.

* "Justice, Common Sense, and the Pay-Roll," before the National Civic Federation, January, 1911.

- “Second—It guarantees to each employe a basic rate of wages.
- “Third—It gives them higher pay from year to year.
- “Fourth—It pensions them at the end of a certain term in service.
- “Fifth—It gives them many opportunities for promotion.
- “Sixth—It establishes scientifically the standards of cost and puts it up to the manager to eliminate the losses and waste due to most of the elements.
- “Seventh—It gives a graduated efficiency-reward to every worker, from apprentice boy up to the President.”

CHAPTER XXXV

THE WAGE PLAN

It is not the amount of the wage paid to labor which determines the fairness of the wage. It is the proportion which that wage holds to the profits of the other factors in the corporate organisation, the compensation of the management, and the profits of the shareholders.

—GEORGE W. PERKINS.

The Wage Problem

Expert and trained minds have been at work on the problem of wages in the factories and the crafts, but few have given consideration to that great class of workers in the offices, the sales forces, and the executive end of business. The need is daily more pressing in these departments, as Mr. Athearn's testimony would indicate.

Fundamentally, there are but two ways of paying men for their day's work; paying them according to the hours they give you—the day wage system; or paying them for each unit of their production, whether making a sale of a typewriter or addressing an envelope—the piece-work system. The problem is to take these two things and to add to them such concrete rewards as your practical psychology may suggest, that a man may apply his whole productive energy to giving you the most desirable result.

Wage Systems

Applicable to either of these two methods of measuring wages; *i. e.*, time-measure, or the production-measure, are three systems of payment.

First—A fixed salary. Generally fixed by the necessities

of the business and increased only by the arbitrary system of periodical raises; or, by the vicious system of waiting until the worker "strikes for a raise," with the manager depreciating and the worker magnifying the value of the service; or, by the worker spending the necessary time to find a better offer with which to "club" a raise out of a chronically reluctant manager. Of course neither of the parties really knows what the true value of the service is.

Second—Salary and a bonus. If bonus is fixed on a fair understanding of the true value of the work necessary to gain it, and the salary is a fair pay for the average required, this is the best method of paying wages. There are three methods of operating the bonus system:

- a—One plan is to average, for instance, the old records for addressing a thousand envelopes from cards, and then dividing the value of the time saved between the girl and the house. This is not scientific, and the proprietor tries too often to raise his averages, always lowering efficiency through his lack of foresight. This is the "Halsey System," as it is known in factory work.
- b—Another plan makes a scientific study of the time required to address the thousand envelopes from cards, and determines the best way to do the work in the shortest time, instructs the girls how to do it in this way, and then sets the task and pays a bonus for beating the task, which must be reasonable though it requires special effort. This is a rough statement of the "Gantt bonus plan."*
- c—Another plan is the "Emerson Efficiency System,"†

* *Work, Wages, and Profits*, by H. L. Gantt.

† *Twelve Principles of Efficiency*, by Harrington Emerson.

which scientifically determines the best way to do a thing, then standardizes the time for doing work by past performances judged in the light of new processes; this information fixes the task. It grants a bonus for doing 100 per cent of the task right. If the task is to write 1100 envelopes in a day of nine hours, and it is done, the worker gets a bonus of say, 20 per cent; if she beats it by an hour, she gets the value of all the time she saves and the bonus, too. The records are kept by the month so as to get a greater average of efficiency, and preventing the loafing that would otherwise result.

While I do not attempt to go into detail here as to methods of application, yet a word as to the bonus payments under the Emerson plan is not out of place by way of illustration.

Mr. C. E. Knoepfel gives an excellent illustration in one of his lectures:*

The bonus scale is as follows:

67 per cent efficiency, no bonus
70 " " " $\frac{1}{2}$ per cent
80 " " " 4 " "
90 " " " 10 " "
100 " " " 20 " "

Each one per cent above 100 per cent efficiency is rewarded by 1 per cent in bonus, which is equivalent to paying the man for all the time he saves.

Such methods of payment call for careful scientific study of the work. Such concerns as the Simmons Hardware Company, of St. Louis, put cyclometers on their typewriters in order to find the number of times the operator touched the keys, and computed the rewards on a basis of work done. Carried into office work for instance,

* *The Psychology and Ethics of Wage Payment*, by C. E. Knoepfel.

accountants will come to realize that much of their figuring is purely machine work; for handling so many thousand figures a day, as a screw machine handles so many screws, calls for machines to handle the work at a saving of a large percentage of the time. The railroads might save tremendous sums by changing their attitude towards labor-saving office machinery and by bringing to bear on the work of their enormous figure-factories the expert experience of men who specialize on the shortening of such labor.

Third—Profit-sharing. Best for heads of departments and managers. The workingman is rarely a "good sport"; he wants to win all the time, is rarely willing to sacrifice any holidays or extra pay, and doesn't want to "play" if there should be no profits.

No thoroughly satisfactory system has been worked out for a profit-sharing system. Giving employes blocks of stock at less than market price, as is done by the United States Steel Corporation, the International Harvester Company, the Union Switch & Signal Company, some of the public service corporations, the Procter & Gamble Company, and various other companies, has not worked out to the entire satisfaction of either worker or company.

Careful thinking men agree that wages can not adequately pay for the services of steady, loyal, efficient workers. Each man has put something into the company's stock of good will, prestige, and prosperity which he does not get back in wages, and in which he never shares to any appreciable extent.

Profit-sharing plans have been inaugurated to overcome that. Most of them have been badly conceived, and many others were mere devices of even questionable benefit to the worker—the shadow, not the reality.

In most profit-sharing schemes men have paid for their shares, and generally have had a penalty exacted if they quitted the company. The shares were granted as a favor and not as a right, and therefore the plan did not attain its object.

As Carl H. Fast, a specialist in profit-sharing plans, said about the work of Andrew Carnegie and John D. Rockefeller, with their methods of distribution of books and colleges and medicines, "What we need is a logical step of prevention, not a maudlin measure of alleviation."

Mr. Fast believes that good-will, if capitalized, should have one-half of the stock set aside for the workers who are mainly responsible for the good-will. This stock will be placed in trust for all the wage-workers in the business.

This is at bottom the device used by the maker of a low-priced automobile, who created so great a stir by fixing a minimum of higher wages, shorter hours of labor, and greater profit-sharing than had been done before.

I want to quote here from "Profit Sharing Plan of the Ford Motor Company," issued by the company, and therefore, containing an authoritative expression of the purposes and effects of the plan:

"Man is largely a creature of environment. His interest in his work, his efficiency at his work, and his loyalty toward his employer depend largely upon his surroundings during working hours. * * *

The Old Way

"A little over a year ago, the system of employing men was the same old moss-backed affair that now obtains in most shops. A man was hired by the employment office and turned over to the tender mercies of the foreman of a department. The foreman could advance him, pass him by, or discharge him. The man's future with the Ford Motor Company depended almost entirely upon the good-will of his immediate superior.

"The number of so-called 'five-day' men under the old

system was large. A 'five-day' man is a transient who works but a week or two in a place and then drifts on.

"The expense of hiring men is considerable. And it is the more oppressive because it is an unproductive outlay. It has been estimated that to hire a man and deliver him to the department where he is to be employed consumes approximately two hours and ten minutes. On the basis of thirty cents per hour, this is an expenditure of sixty-five cents. If 5000 men were hired in one month this would be an expenditure of \$3250, or equivalent to a yearly cost of nearly \$40,000.

The Proposed Solution

"The problem, then, was two-fold: how to interest men in their work by giving them an incentive to be permanent, and how to treat them after they became permanent so that each would receive individual consideration.

"Experts were sent to study the way men are handled in other shops employing 15,000 or more. System after system was gone over carefully, but none was found superior to the one already in use at the Ford factory.

"The experts returned thoroughly convinced that they must solve their own problem in their own way.

"Accordingly, a skill-wage classification was worked out from a general survey by the following considerations:

"First—Justice as against discrimination for all employes

"Second—The reduction to a minimum number of all the different rates of wages paid

"Third—The establishment of a well-regulated, systematic schedule for increasing wages of individual employes by certain fixed amounts

"Fourth—The classifications of all employes according to their skill

"Fifth—A classification according to the term of service. * * *

The Ford Investigation

"Under an able director a corps of approximately one hundred investigators have been collecting the important facts concerning every employe, so the company may determine just what is the square thing to do in every individual case.

"The investigators were mostly recruited from the

ranks of Ford employes, and were known to possess those qualities which are most necessary for work of this character. Some were hired from outside—doctors, lawyers, and well-educated men who were known to have hard sense and ability to understand men and conditions.

“Each of these investigators is furnished an interpreter, a car, and a driver. He spends his entire time going from one place to another learning all he can about the men whom he is asked to investigate. He finds out how they live, what the conditions are in their homes, how they spend their evenings, what recreations they indulge in, how much money they have saved, how much they send abroad, how many persons are dependent upon them, and, in fact, everything possible that will aid in the smallest way to determine whether they are to receive a share of the Ford profits.

“As a concrete illustration of what the investigators are attempting to learn, concerning the men, one of the instruction sheets issued to them is here quoted:

“To INVESTIGATORS—The salient facts to ascertain about the three classes into which we have divided our men are noted below. Understand that the lack of positive information withholds all benefits from employes until all of the facts in each individual case have been ascertained.

“Married Men—We must have such information as will assure us through you that a man is married and is living with his wife. Use all the thought and ingenuity at your command to get this information positively. We also must know about the man's habits.

“Single Men Over 22—Granting the division of the profits to them is based entirely upon their being “proven” thrifty. We must know through you positively as to the conduct of employes outside of business, the extent of their indulgences that make for good or bad manhood.

“Single Men Under 22—We want to ascertain positively whether or not these young men have anyone dependent upon them, and whom, and to what extent. Verify their ages positively. In case of conflict between the office records and the man's statements of his age, please give us your best judgment, if you cannot obtain tangible proof.

“General—Please throw into the investigation of each case a deep, personal interest, and state as briefly and concisely as you can all of the facts and features necessary

for well-rounded judgment. The honesty of a man in making frank statements, and the home conditions particularly, are of vital importance. Get as much information as you can in each case to cover the points gone over in talks and outlines to you. Please remember that we want the exact truth on all phases of the situation rather than quick returns.' * * *

A Permanent Force

"It has been said that this plan had as its object the elimination of so-called floaters, that it was hoped to make each Ford worker a permanent member of the organization. And it has been pointed out that this was to be accomplished by making each man satisfied with his job, by giving him the squarest of square deals.

"Now, let's see how the thing actually worked out. At the end of one month's trial a comparison was made with the month of December, 1912, a typical month under the old system. Here is the comparison:

	Dec., 1912	Oct., 1913
Five-day men.....	3594	322
Men discharged.....	776	137
Men quitting.....	386	326
Men laid off.....	4822	844
Total hired.....	5678	1789
Gain for month.....	856	945

"The above table is conclusive testimony that it pays to take a personal interest in an employe and that every employe appreciates and will respond to a square deal.

"Notice how the floaters disappeared. In the one month they were more than three thousand in number, in the other they had fallen to a little over three hundred. Is this not evidence that the men have become permanent?

"Another significant comparison is that pertaining to the number of men discharged. Notice the shrinkage from 776 in the one month to 137 in the other. This figure shows conclusively that many men who were formerly discharged as inefficient were merely misfits, and that under the new system when given a second chance to make good in a line of work to which they were adapted they proved themselves efficient.

"It has been said that all this preparation had been

made months before Henry Ford and officials of the company made the profit-sharing announcement. * * *

How the System Works

"The plan was placed under the strictest supervision. The right to discharge was taken from the foreman, but the foreman still retained the right to transfer any man in his department, if such action served the best interests of the company. What might be termed a court of inquiry was created in connection with the employment office, and now, if a man proves unsatisfactory in one department, instead of discharging him, the foreman sends him back to the employment office, where he is questioned by this 'court.' Perhaps he is a moulder, who for the sake of getting work of any kind accepted a place as a machine hand. The worker is given another trial in the department where it is determined he will have the best chance of making 'good.' This system has done away almost entirely with 'square pegs in round holes.'

"Another adjunct to the system that has had no little effect in making it a success is the individual supervision that every employe receives, which itself has been reduced to a system. On the time card of each employe is kept his record, to what class he belongs, etc. This grading is checked over every two weeks at the time office, and if a man is found to have been 'standing still' for any great period his case is immediately investigated. This insures a square deal to a good workman who happens to be unpopular with his foreman; it insures a square deal to all.

"Not only does it protect the men, keep them from being overlooked or imposed upon by the foreman, but it checks up the foremen themselves and keeps them alive to their duties and responsibilities.

"The way a beginner is taken care of is a fair example of how this plan works out. Suppose a man begins work in Class D-3. He is a beginning helper. After he has drawn three pays, at the end of six weeks, if he has not advanced, he is investigated.

"Why hasn't C. Jones been raised?" his foreman is asked.

"I just overlooked him," the foreman replies.

"Jones' card is immediately corrected so that he is promoted into Class D-2.

"On the other hand, if the foreman says Jones is in-

efficient and doesn't deserve a promotion, the foreman himself is criticized for allowing an inefficient man to lumber up his department for so long a time.

"You should have been able to tell in less than six weeks whether Jones is efficient," the foreman is admonished.

"Under the system a workman knows absolutely that he will be raised if he makes good, and just how much that raise will be. He has an incentive to do the best work he knows how.

"But what is done for those who have reached their maximum efficiency? What incentive have these to be permanent? It is considered that when a man has worked on one job, has specialized on one piece of work as Ford employes do, for a period of two years, he has reached his maximum efficiency at that task. So after a man has been an employe of the company two years he is given a certain bonus every year over and above his wages as a reward for faithful and continuous service.

"For a standard with which to compare the individual skill of each operator the established shop rate of the plant was taken. This shop rate for any particular operation is derived from the machine production as rated by the manufacturer less a percentage deduction for the human element and the necessary stoppages of the machine. For each operation in the shop the human equation has been based on the best possible production of a skilled employe determined by actual trial. Comparing the production of any employe, in making this survey, with the shop rate, it was possible to place his skill relatively in the scale. It was determined that all the shop employes could be classified as to occupation in six general divisions: (a) Mechanics and Sub-Foremen; (b) Skilled Operators; (c) Operators; (d) Helpers; (e) Laborers; and a special class composed of women, messengers, etc.

"Right here it is interesting to know that previous to this classification there were forty-eight different rates of pay in the factory.

"Then it was decided to subdivide each of these six major classes into three, according to proficiency in that class.

"The subdivisions are: (1) first-class workmen; (2) men of average ability; (3) beginners.

"Thus a man rated as a-1 would be a first-class me-

chanic, while a man rated as d-3 would be a helper and a beginner."

I do not cite this plan as a perfect solution of the vexed problem of giving the worker his share—a problem which is one of the most pressing now before business men; and hence the minds of our best managers are busy with the problem of getting some equitable and peace-promoting solution.

The matter of pensions, sick benefits, and life insurance has long been recognized as an economic and not entirely an individual problem.

The man of 1875 may say that "the worker should be foresighted enough to take care of his own old age."

On a basis of good wages, yes.

But he has not been educated to be thrifty. Our very democratic form of education suggests that America is the land of opportunity. We are a liberal people. We stand every tub on its own bottom, and we are proud that our particular tub stands so.

We have been improvident with our national resources; is it any wonder that as a nation we should individually be spendthrift, and "let tomorrow take care of itself"?

Provident Plan of the American Telephone & Telegraph

The larger corporations are meeting the issue in the spirit of the American Telegraph & Telephone Company. In the announcement embracing a pension, a benefit and life insurance plan, which covers not only the larger corporations but the Western Union Telegraph Company and the Western Electric Company as well, President Theodore N. Vail said:

"It affords me much pleasure to announce that the provisional pension plan has been replaced by a permanent plan

providing not only for pensions, but also for sickness, accident disability, and for life insurance, and that the company has set aside a liberal amount for the establishment of an employees' benefit fund from which, beginning January 1, 1913, such benefits will be paid.

"Briefly, the plan provides for a pension of 1% of the average annual pay during the ten years next preceding retirement, for each year of continuous service, with a minimum of \$20 per month to be paid the following:

First—On application of employee or in the discretion of the company, to all male employees 60 years and to all female employees 55 years of age who have been 20 or more years in the service.

Second—In the discretion of the company, to any employee whose term of employment has been 30 or more years.

Third—In the discretion of the company, to any male employee aged 55, or female employee aged 50, whose term of employment has been 25 or more years.

"For disability due to accidental injury incurred during employment and in performance of work for the company, full pay for 13 weeks and half pay until able to earn a livelihood or for the remainder of disability not exceeding in either case 6 years in all.

"For disability due to sickness or accidental injury during employment while not in the performance of work for the company, as follows:

a—If term of employment is 10 or more years, full pay for 13 weeks and half pay for 39 weeks.

b—If term of employment is 5 to 10 years, full pay for 13 weeks, and half pay for 13 weeks.

c—If term of employment is 2 to 5 years, full pay for four weeks, and half pay for nine weeks.

"These benefits begin after seven days' absence on account of sickness. All employees having relatives dependent on them will be entitled to insurance against death by accident occurring in, and due to, the performance of work for the company, in the sum of 3 years' wages, not in excess of a total of \$5000, payable to their dependent relatives.

"All employees having relatives dependent on them and who have been 5 years in the service will be entitled to

insurance against death in a sum equal to 6 months' wages, when the term of employment has been from 5 to 10 years, and to one year's wages when the term of employment has been 10 years or more, with a maximum of \$2000 in either case, such insurance to be paid to the dependent relatives left by the employe."

I cite this plan as typical of many.

Compensation by Commissions

In selling, where standards are based on volume and quality of business, the commission form of payment works if the policy of the house is understood. The average commission-paid salesman will always make sales at the expense of the house, and therefore requires a rigid auditing of the quality of credit, terms of sale, and a careful education in the policies governing the credit and sales departments at the home office.

The Study of Records

Any business that fails to study these principles of rewards is not building for a future which will keep its experienced, trained brains for the protection of the business interests of the house. The rewards may be financial; they may be honorary; they may be promotional; they may be permanent or for a time only; they may be decorative. The best rewards are those which are suited to the work, and if the work is suited to the man they will be adequate to satisfy his individuality.

A sales manager of the National Cash Register Company once remarked, "When the company wanted to express approval of your work, they promoted you by giving you a bigger title and a smaller territory." This was more witty than true, but nevertheless, was in line with the realization that by honorary titles some men are encouraged to get the same amount of business out of a

smaller territory that they would get out of a larger one; but rewards must be substantial to prove enduring.

Experience as a Wage Guide

It is always well, before establishing new reward policies, to get some experience data to guide you.

A company recently started out to give the man who made the sale a larger slice of the rewards. They eliminated sales managers in certain territories, and in their stead appointed sales agents under more general supervision. The sales manager in such territories had received 30 per cent commission. The sales agents were raised from 15 per cent and 20 per cent to 20 per cent and 25 per cent commission, with the idea that the increased pay would produce more business; but it didn't. Less business came out of those territories. It is likely that an analysis of previous experience in other organizations would have shown that the increase should have been given for increased efficiency, not for anticipated benefits. The man who is satisfied with \$2500 should never be given a \$5000 territory. Surely a more business-like plan would have been to take the \$2500 men and try them out, and after analyzing their personal records as to tastes, home life, business methods, as well as their sales records, place them in the new sales agencies best suited to their needs. The plan of reward should have been worked out along the Emerson lines—"The employer must play fair, if he wants fair play from the worker."

Piece-work and Fair Play

The piece-work system in the average factory has hardly ever worked because the employer has not been educated in the necessity for fair play. In the first place, the piece-work rate has not been based on any scien-

tifically tested data. The employer didn't know whether the rate he set was a fair rate for himself and for the man. He relied on the testimony of rule-of-thumb foremen to determine what the average man under the old prod-and-club method could make, and then based his piece rate on the highest production. Just as soon as he found a man who, by extraordinary skill or application, could get a much better day's pay than usual, he made him the new pace maker without any attempt to teach the other men how to do as well as the skilled mechanic. He then decreased the rate; then the production stopped increasing because there was a limit to the reward.

Some time ago a publisher friend of mine employed a number of girls to handle pamphlets in a bindery. The average wages on a piece-work basis was about \$9 a week. One girl never made less than \$11.50 a week. The fore-woman suggested that the rate of that girl should be cut as it was "bad for the rest of the girls."

My friend thought differently and urged the fore-woman to find out how she did it. He had a hard time proving the others could do the same thing. Now, not a girl is making less than \$12 a week, and the costs of production are less than they have been for four years.

The ordinary manager would have cut the rate and maintained the average of costs.

This condition arises very largely from the ignorance of the man at the head of the business, as to exactly what compensation really is. He has fixed in his mind that "\$2 a day is enough for any man to get." He doesn't look into what that \$2 can buy. He doesn't look into what the man's labor actually produces for him, or how difficult it would be to replace him. He doesn't realize that he gets what he pays for.

"An employer gets two results if he is wise," said

Hugh Chalmers. "First, he gets hours of labor which are reflected in the mere physical presence on a job, and second, he gets thought; and of these two things, in most cases, the latter is by far the more important."

He gets these things as a result upon the part of the employe, of first learning to do something, then learning how to do it better, and then learning how to keep on doing it better.

The employe too frequently looks only into the pay envelope to see what he gets, and only at the time clock to measure what he shall give.

The Bonus for Brains

The efforts of such men as Going, Emerson, Taylor, Gantt, and Knoeppel are bringing scientific order out of the chaos of rule-of-thumb experience, and it is to be hoped that some of the brains and skill will be applied to the problem of adequate rewards for the large class of employes who do not make anything. Mr. Truman A. DeWeese, who is generally conceded to have helped pull the St. Louis Exposition out of the hole by a very simple advertising idea, and who has made "Shredded Wheat" famous the world over, in speaking of the matter of compensation to advertising managers, said their salary should be based on the yearly advertising appropriation. "Nothing less than an annual salary of \$5000 a year should be considered for a moment, and to this salary \$1000 should be added for every tenth dollar of appropriation above the sum of \$100,000."

A leading automobile manufacturer some years ago placed a new car on the market. There had been one advertising manager of automobiles who stood out above all others as a great maker of markets. He had made a certain car a household term in the United States, at a

time when the advertising of automobiles to a hungry market had been a mere matter of brute expenditure. This advertising man joined the new company on a salary of less than \$10,000 a year, but with a royalty on every car above a certain number. He made the automobile world "sit up" by the use of double page spreads in all the leading newspapers of the country. He bought a stock interest in the company. He checkmated, by using in a single day \$15,000 worth of newspaper space, the tactics of a combination that wanted to get control of his company.

When it was ultimately decided that the company would go into a new combination, the advertising manager obtained a big price for his stock. He made that company's market. Under ordinary circumstances such a company would have paid but \$2500 a year to an advertising man who would have brought to the solution of the complex problem that confronted it a \$2500-a-year brain. It should be noted that this man had with him, as a superior staff officer, a man who knew his man, and he got out of that advertising man the last ounce of power. Do you imagine, for a moment, that such a man would have worked for the ordinary rewards of such a position? The greater organizations are placing bonuses before their sales managers and advertising managers. The great mail order houses are placing their division managers in charge of certain territories, on a bonus basis, payable at the end of each year, conditioned on the increase of business in their divisions. In other words, human nature in our clerk is exactly the same as it is in ourselves.

The Suggestion System

What are you doing to get the full brain-power out of your organization?

The suggestion system, which is now a factor in the management of many manufacturing concerns and is considered one of the most essential things in the success of many organizations, was started on the very simple principle of human nature, that it will think when the rewards for thinking are real.

President Patterson of the N. C. R. Company, who probably brought this system to its greatest perfection, on one occasion met a factory hand whom he had known for several years and inquired what the man was doing. "I used to weigh coal for you in Jackson County, but I am now cleaning castings in the back of your foundry," replied the workman.

"Why are you doing that?" asked Mr. Patterson. "Because I can't get anything better to do," the man replied. "Make some good suggestions," he was advised, "and do something to help out, and your merit will soon be rewarded by promotion." "If I should do that you would never hear of it; it would be smothered long before it got to you, and I would get no credit for it."

"That opened my eyes," said Mr. Patterson in telling the story. "For three months I labored over that problem. I thought what a great opportunity it was. How rapidly the company could progress if we had 1200 brains working for us correcting wrongs and helping us on to what was right. From that time the suggestion system, which has, more than any other cause, pushed the company forward, was made a part of our work. Good suggestions are inventions, because they are something new. Instead of giving a man a patent, we give him an acknowledgment. The fifty, who have originated the best inventions, are given special prizes. We only wish we could do it for all."

Marshall Field & Company got its entire organization

checking up the advertising, by offering a dollar to the employe who would first call their attention to an error in any of the advertisements. It was considered an error if there was any exaggeration, if the price was wrong, if a word was misspelled, if the advertisement was grammatically incorrect, or if a false statement of any kind occurred. This did two things—it made the employes read the advertisements very carefully, and it made them think about the things said in the advertising. It was well worth the occasional dollar because it made the advertising department more careful, and the managers of the different departments more accurate in the pricing and description of goods.

Requirements of the Suggestion System

To make a suggestion system successful, however, you must be willing to compensate for the ideas. You must not "put one over" by expecting an idea worth thousands to be cheerfully given for a fifty-dollar prize. Suggestions must be:

First—Handled by competent judges who can give an expert opinion of their value.

Second—Rewards should be based on value as near as can be ascertained, and not on any "dollar-an-idea" basis.

Third—It has been found a good thing to give promotional as well as monetary rewards.

Fourth—Be prepared to keep up the work, by offering prizes for special suggestions along certain lines.

Fifth—Share the continued benefits of a suggestion with the man who had the idea—play fair with him.

So we come to the conclusion that any system which hopes to keep man at his top efficiency must be prepared

to see that the rewards which flow to him shall be counted in current coinage in life as it is. Loyalty must be rewarded with loyalty and sympathy and co-operation. Punctuality and continuous service must be rewarded with body comforts and care when the body has lost its vigor. Ideas, methods, and suggestions must be rewarded by facilities for greater educational advantages, and the help of the managers towards better positions, with their greater monetary prizes.

Above all these things stands this lesson—no business is efficiently conducted which does not deliberately set itself about the duty of making its people worth more to themselves and the house, and then seeing that they get the deserved reward.

No firm can afford to be less careful of the reward for the worker than it is of the reward for its own effort.

PART XII

Ich Dien

Ideals are like stars; you will not succeed in touching them with your hands, but like the sea-faring man on the desert of waters, you choose them as your guides, and, following them, you reach your destiny.—CARL SCHURZ.

Enough of negotiations, enough, above all, of jugglers and poseurs! Give us men of faith and action, of love and hate, with clear seeing eye, a breast that throbs, and a vigorous arm; men who, emancipated from idle fancies and the empty din of words, are silent, and putting their hands to the plow, drive, as their witness, a straight furrow in the field of life.—CHARLES WAGNER.

CHAPTER XXXVI

EDUCATED DEMOCRACY

Efficiency must not be materialistic, prosaic, or utilitarian; it must be idealistic, humane, and passionate, or it will not win its goal.—CHARLES W. ELIOT.

The Filene Cooperative Association

“What do you think of this?” asked the fat, well-fed, rosy-faced man of the lean, lank, jaundiced individual across the open fireplace at a New York club.

He then read a paragraph about the experiment of a concern in Boston that had introduced cooperative management among its employes.

“What do I think of it?” returned he of the jaundiced face, “I think the fellows who have any money in that concern better get it out.”

That was sixteen years ago.

During the latter part of 1898, the members of the firm and the executive department heads of The William Filene’s Sons Company, which operates the Filene stores in Boston, came to a new conclusion—that the men and women behind the counter could be helpful in shaping management policies as well as in executing them.

For some time it had been the practice in the Filene Stores to hold weekly meetings to discuss store policies, sales plans, and the “good of the business.” So many subjects came up in the every-day routine of work which were of interest to all employes, and so many things had to be referred to other employes before anything could be done, that the conferences were discontinued; and mass meetings of employes, held every Friday night at close

of the store, were substituted. Out of these mass meetings, in the year following (1899), grew the Filene Cooperative Association.

The employes of the stores compose the F. C. A., as it is called. The association does things; it takes an active and responsible part in the management of the employes. The association, for instance, has "the privilege of initiating or amending any rule that affects the efficiency of any employe of the store." This rule must be passed by two-thirds of the members. It may be vetoed by the president, general manager, or board of managers of the company, and *after such a veto, if a mass meeting of the Filene Cooperative Association passes it over the veto, the rule becomes operative.*

The Cooperative Association is governed by officers and a board of managers. It operates a health and death insurance department. It has a medical department and physicians, a dentist, and specialists in various ills of the flesh, who look after the health of the employes. There is a lecture committee which procures interesting and instructive speakers to talk to the members after store hours. There are library and entertainment committees. A suggestion committee was established in 1899, under whose supervision prizes for the best suggestions in any week are granted with yearly prizes for those who won the most weekly prizes during a year. In 1900 a welfare manager's office was created, now called the F. C. A. Counselor; then came the club-house with its governing committee of employes, in 1901. In 1900 an F. C. A. Bank was established.

What the Filene Cooperative Association Has Done

A council looks after most of the small matters within the scope of the Association's activity, while on all im-

portant things the members gather in mass meeting and pass upon them. Here are some of the things these mass meetings have done:

On one occasion the F. C. A. voted to close the store for the three days beginning July 4th—which fell on Thursday—so as to give three day's vacation to the employes. Other Boston stores were notified but refused to follow Filene's example.

The Association voted against the customary keeping open evenings preceding Christmas, and the store is never kept open after 7:00 P. M.

They voted on early closing hours and determined when these hours should begin and end.

They made a rule that employes be permitted to buy advertised goods on any day during employes' regular shopping hours instead of limiting their purchasing to one day each week.

They resolved to raise money to rehabilitate the F. C. A. members who suffered loss in the Chelsea Fire in 1908.

They voted at various times to purchase goods out of company stock at fixed discounts. The company in 1906 made the F.C.A., as a corporation, a stockholder in the Wm. Filene's Sons Company.

The F. C. A. Arbitration Board

Probably the most important innovation in working out the Filene scheme of management was the Arbitration Board, which came through the evolution of the co-operative idea, in June, 1901. Problems of management affecting the employes are referred to this Arbitration Board. As an example: It has been the rule of the company that "Any breakage or loss shall be immediately reported to the floor superintendent, or, in a non-sales

section, to its manager. He will charge the loss to the person who has negligently caused it, over the latter's signature. The cashier will then deduct the amount from the week's wages."

At one of the mass meetings, this rule was discussed at considerable length. It was plain it had been working some hardship. Finally someone suggested a board of arbitration. The firm agreed at once, and that board has not only this matter of breakages to adjust, but now it adjusts differences between the firm and the employes, or between employes, relative to store affairs. In case of dismissal, two-thirds of the board may re-instate the employe.

What the F. C. A. Stands For

What does this cooperative management mean? Does it not mean democracy?

It means that the Filene managers had confidence in the human unit's power of self-control.

In a democracy we must teach self-control, because there is no other authority. But self-control is the highest result of education, and it is the rarest.

It is generally the last quality to appear. It calls for the highest social character, in the store, the shop, or the office. Our sales organizations are today largely democracies, because they pass laws and make decisions to govern themselves and their relations to their firms. The modern, highly organized sales force can be trusted to do that, because the sales force is becoming much more highly developed, and a better class of men is being used in the development of sales organizations.

In the case of Filene's, the fine spirit, gained only after painstaking and patient education of the employe by the employer, which trusts to the good intentions of the

employer, has come as a result of the spirit of mutual service, and mutual loyalty.

Back of these Filene methods there is a philosophy, so unusual that some may call it "anarchic," as General Manager Corey did, but it is a definite and well-considered policy, not at all sentimental or improvident of money success. It is a realization of a duty the Thinker owes to the Doer.

Education must breed more than skill; it must create character, stamina, and a fidelity to truth which amounts to religion.

The economic panaceas of get-rich-quick fakers put me in mind of those modern Chinese who asked to be taught all of Western culture and economics in six months, and actually found teachers who "agreed to deliver the goods."

We are in the twilight zone of doubt through which all things must pass; we are entering this zone the world over; but the old faiths will come back in a new guise to serve greater and more profound purposes.

Democracy Steadfast

Democracy, too, will go through a period of storm and stress. Some think the result will be reactionary, that we will return to the old ideals of class and rulers. I do not believe it. We shall remain a democracy. We shall place truth and honor and health as high as we have placed liberty. We shall each do his appointed task, that which each is best fitted to do, in the best way. Education will be recognized as the great requirement of the race. To know and to live in the light of knowledge—this is our destiny, as manifest as the old ways were the destiny of older days and older people.

Democracy is now struggling without its saving gos-

pel. It is cunning, skilful, clever. It recognizes no duty except to its own kind.

Democracy will come to the realization that knowledge of the real things of life is necessary to any solution of life's problem. Ignorant officials are a product of an ignorant people. It is a sad thing to look upon the civic chicanery, the crass ignorance and stupidity of our voters, which puts political bosses on our benches as judges, and the pathos of the ease with which they are bought and sold by their political leaders who boast of their ability to deliver votes.

CHAPTER XXXVII

THE LAW OF SERVICE

And the Black Prince rode forth that day surrounded with brave knights, squires, men at arms, and pages of the household; and on his shield was blazoned the motto under which he fought—"ICH DIEN"—which in the common tongue would be translated, "I serve." It was a new, strange motto for a prince to wear.

The great regulating influence in business is the solid fact that sound and steady service to the public will gain the public confidence, provided the supply of capital will suffice for the time in which it is necessary to gain that confidence.—GEORGE BINNEY DIBBLEE.

If youth knew—if age could.—ALPHONSE KARR.

Profits are legitimate only when they come from service.
—WOODROW WILSON.

What of the Thinkers and Doers?

But America is learning. Her thinkers must learn to cater and to lead. Her doers will have to learn how to use her thinkers for the common good, as Germany's people have done.

The people are not in a temper to pause. They demand the full pound of flesh of the thinker, because they do not know that the exactation of the penalty will press heaviest on themselves who will have to replace the thinker, and to make a thinker requires the breeding of generations.

If the doers exact that penalty, good; they will pay the penalty, as they always do. The thinkers of the world are the financiers, the distributors, the organizers, and

the commanders. This is true in the socialist organizations and labor unions, as well as in factories and department stores. There is always the leader and the follower, even among the anarchists.

Both the doer and the thinker have a labor to perform; the former to widen his mental horizon and to engage to do his work most efficiently, the thinker to be the teacher and character-maker of the world. Since the doer always takes his morals, his ethics, and his religion from his leaders, a lack of character among the leaders makes a lack of character everywhere. The successful and unpunished looting of a railroad by one rich man makes little thieves of a thousand clerks, bookkeepers, and employes. One Tammany chieftain makes grafters of ward heelers and petty politicians, and cowards of thousands of business men who are forced to deal with them.

Education as a Remedial Agent

What is the remedy? Education, because that leads to truth, and character.

As soon as man's eyes are opened to the fact that honesty pays the highest rewards to heart and soul and body, that honesty is the tap-root of all efficiency, and that no efficiency is possible without a fearless desire for an honest measure of values, we shall start on a new era in our land.

The thinkers must lead the doers to a study of the sciences—mathematics, sanitation, economics, physics; and we shall then be spared the specious appeals to avarice, greed, class hatred, and false standards of honor by ignorant and myopic leaders. The doers will find that things do not happen, that man-made law is a puny, idle, and contemptible thing against the law of nature; and that even those things enacted in the name of the people will be futile if not true to the law of nature.

The Moral Law of Service

Of course, the Filene cooperative idea is not new, but its thoroughgoing application, in the Filene Stores, is quite exceptional.

In contrast with the attitude of the Filene proprietors, we more frequently find the attitude taken by Mr. George Gould.

"Can't I do what I like with my own railroad, Ramsay?" asked Mr. Gould of President Ramsay, of the Wabash, when the latter was objecting to a proposed plan of Mr. Gould's. "You could if it were your railroad," very quietly replied Mr. Ramsay, "but it isn't. It belongs to the stockholders and to the people it serves." Mr. Ramsay is no longer president of the Wabash, and that much bedeviled organization afterward passed into a receivership.

Back of the progress of the Filene Stores and the receivership of the Wabash railroad lies the same principle of efficiency which is a moral law of service.

No business can efficiently gain its best ends that serves only its stockholders' pocketbooks. It must serve the larger interests of the entire organization, the stockholders, the employes, and the public at large. This is the rule of common sense applied to business. It is a moral obligation implied in the privilege to exist, granted by society. Good service is the only thing for which a man can long continue to receive a price.

The ideal of service is not worked out by speeches full of fine sentiments about the "peepul" or embroidered with patriotic folderol. It is not the distribution of tracts about scientific agriculture with one hand and of printed interviews which sneer at efficiency engineers with the other. It is genuine public service in which we have the propaganda of conservation and farming efficiency of a

James J. Hill, of the Great Northern, going hand in hand with a propaganda for higher efficiency on the railroad of a President McCrea, of the Pennsylvania.

Service! whether the Rockefellers, the Garys, the Lovetts, the Guggenheims, the Armours, the Elliotts are as wedded to the cause of service as they appear to be, the future alone will tell. It may be said, however, that never again will the great corporations make the mistake of ignoring that great, many-headed, patient, yet intolerant People.

Service has become a shibboleth of organization; it may become a mere tradition or a fetish.

Good-Will a Product of Service

Consider even on the selfish side of it, the value of the good-will of your people and the public. What can you put beside that?

Despite the accountants who are reluctant to include it as an asset, there is that which cannot be translated into dollars on the balance-sheet, but which is nevertheless a very real thing, good-will. It comes from but one thing, service.

Justice Wright in his decision in the case of the Bucks Stove and Range Company against the American Federation of Labor, said: "Good-will is nothing more nor less than the realization upon the part of the public that they can get a *service* that is worth while from a business organization. A business, be it mercantile, manufacturing, or other, which has for a long time been successfully operated and developed, possesses a greater value than a like business newly launched, although the latter be exactly equivalent with respect to stock, equipment, moneys, and all other physical possessions; the basis of the excess in value of the one over the other is termed the 'good-will,'

and it is the advantage which exists in established trade relations not only with helpful customers, but with the trading public in general; and the advantage of an established public repute for punctuality in dealing, or superior excellence of goods or product; finally in the last analysis, a good-will when it exists, is one return for the expenditure of time, money, energy, and effort in development; it is a thing of value in the sense that it is a subject of bargain and sale, oftentimes of a value which exceeds all physical assets taken together; in order that it may possess exchange value, it may be property; when it does possess exchange value, property it is."

The Value of Good-Will

The mere fact that a business is old, does not imply that it has any good-will value. It implies simply that it has had an opportunity to gain a good-will by good service, and its age indicates that the demand for service has been met. In a well-known investigation made by the Wisconsin State Railroad Commission, President Beggs of the Milwaukee Railways, testified that his "street-car bonds were sold below par, because of the ill will of the public."

A newspaper, commenting editorially on this testimony, said:

"When citizens have made complaint of service or conditions, when has he ever received them courteously? Has he not always damned and denounced the public as unreasonable? Has he not defied the common council and contemptuously refused to observe city ordinances?

"The street-car company renders a very necessary public service, and it does it, on the whole, fairly well. By his sudden and arbitrary withdrawal of the car service to Lake Park he has again unnecessarily aroused the bitterest kind of antagonism, for this was a service to which the whole city was entitled, and it was a service very profitable to

the company. But we do not agree with Mr. Beggs that there is a widespread feeling of hostility to the street-car company.

"There is not, but there is a deep feeling and well deserved feeling of hostility to the treatment Mr. Beggs often-times gives the public, and it may well react to the serious injury of the company. If Mr. Beggs wants the good will of the people in Milwaukee, he should try to gain it. But he evidently does not want it, and some day he is going to regret that he has lost it."

Aside from the justification of this particular indictment, this incident brings out the fact that service has a monetary value; and while this statement requires no particular proof, yet no matter how efficient may have been the equipment of the Milwaukee Railways, no matter how thoroughly trained may have been the employes in the handling of its equipment, no matter how much money the company could have made in the use of the equipment, the public mind with which it had to deal, had to be in harmony with its efficiencies in material things, or the result was bound to be inadequate. To leave entirely out of its ideals of management, the sense of the moral obligation of service, either upon the part of the employe or of the employer, is inevitably to gain but a small part of that efficiency for which we are striving.

The Purpose of Cooperation

A commercial enterprise is carried on for profit and not for the advancement of knowledge. There is a wider and better standard of profit which big men have always understood, a measure of the profits belonging to today and the equally important profits belonging to the day after.

The employer must take care of the employe and so identify the employe's interest with his own that the employe will see that it is to his manifest advantage to

strive to the uttermost for the common benefit. The employe, endeavoring to get more wages in money, prestige, and satisfaction, must cooperate with the employer to obtain the utmost return on their common investment; and they together must make it possible for the public to see that it is to its manifest advantage to deal with the house and thus encourage its service.

In the Filene Stores, the members of the Cooperative Association cooperate with each other to produce the most efficient cooperation with the employer, but that does not lessen the requirement that the employer make himself necessary, by the excellence of his service, to the buying public, which supports both the Cooperative Association and the Filene's Sons Company.

The Ideal of Service

This, then, is the ultimate and ideal purpose of all efficiency and of all the laws working toward this one end of success, the ideal of service. The public service corporation which leaves the word "service" out of its ideals, must inevitably come to that fateful day when it must justify its existence on the service basis, and every municipal ownership propaganda is born in the idea that a corporation takes and will not give. The labor union man who considers service to his union, without considering either the profitable employment of capital or a service in behalf of the world at large, will eliminate himself and his union, however much he may resort to strikes, dynamiting, bloodshed, costly walkouts, and all the makeshifts of terrorism.

He is fighting the law of action and reaction.

The man who, with tongue in cheek winks the other eye as he says, "Service is a good thing to talk," will fail, because service is neither talk, printer's ink, nor *promises*

to pay; *it is doing things for others* in recognition of your moral obligation to do more than the letter of your contract if you are in business; and for the citizen it means a free recognition of the claims of society on you for a part of your time, work, and money in its behalf. You can't dodge it; it is the law; and prosperity follows the law.

Let us see. Business exists for three reasons:

First—Because man is

Second—Because he will be

Third—Because man in order to live, must encourage others to live

The fundamental basis of society is economic law, and to leave this law out of any method of raising the efficiencies of man and society, is to leave the soul out of efficiency. Efficiency is a moral obligation. Man must take care of himself and his fellows. If he doesn't take care of himself, he eliminates himself; and if everyone should work on that principle, society would die. If a man doesn't take care of his fellow, and if society becomes "everyone for himself and the devil take the hindmost," we shall have the anarchy of a society destroying itself. In other words, we have a two-fold service to perform, the one to ourselves and the second to others; and this is the economic law.

"But," says the socialist, "we are going to make all the world brothers."

"When you can," I answer, "they'll be brothers, and they won't need you."

Democracy Is Not Equality

Let us understand democracy in its relation to the individual.

Democracy can only assure every man a fair start; it

can not guarantee him an equal finish. It can see that all have a fair opportunity but not the same rewards. But the blown-in-the-bottle, hand-made democrat wants to be assured that he will have a fair start, be permitted to do as he pleases, get all the rewards, and have just as good a finish as anyone else.

He wants you to hold back the great and push ahead the insignificant, so that everyone may have all, yet none more than another.

Society does not recognize that the service of all its members is of equal value; therefore, it gives unequal rewards.

The Golden Rule of Efficiency

The whole gospel of efficiency, therefore, is based on this moral rule—to do that which we can do to the best advantage of ourselves and others. When reduced to its simplest statement, the whole of "efficiency," is expressed by the one word, *service*—service in behalf of high ideals in thinking, doing, and being. So much for the cold logic of the foundation of the law—*he who would profit most, must serve best*. Let's translate it into a dollars-and-cents attitude towards business. The general manager of Kaufmann Brothers, of Pittsburg, said there are four principles which must govern a business today:

First—One price system—meaning service of honest ideals

Second—Buy in quantities to get price—meaning efficient service

Third—Good store service and due regard for the comfort, convenience, health, and safety of the public

Fourth—The development among employes of a spirit of cooperation that insures industry, integrity, truth-

fulness, sobriety, cleanliness, and politeness, and the store service from the proprietors themselves which would insure it.

The New York Central Lines employ over 135,000 men and have franchises which made it unassailable in a physical way, but it lately is coming to a clear realization that it can not afford to take chances with the good-will of the public. Vice-President C. F. Daly, in an interview in 1912, said: "When you have pleased the public you have won success."

The Acid Test of Service

"We will admit the advertising and sales value of service, but what of the *application* of the rule?" asks the inquiring mind. "What general rule can we apply?" asks the practical man. It seems to me that the rule is simple. The acid test is, "What's the use to the body, mind, and soul of men?" That which does not benefit more than one man or one class, and that which does not repay society as well as the individual, has ceased to merit social approval, protection, and cooperation.

Education is making intelligent, constructive, and economical consideration of the values offered by businesses, parties, and individuals the rule rather than the exception. The service ideal is thus coming into its own.

The fact is that we have carried the individual to the point where the teacher, the preacher, the voter, and the official have given all their time, thought, and labor to the individual. The rewards have gone to the individual. That is wrong.

CHAPTER XXXVIII

THE DEBT TO SOCIETY

One man costs society ten millions while he makes a million, while another adds ten millions to society's wealth as he makes one for himself.—NEWELL DWIGHT HILLIS.

The object of all education should be to increase the usefulness of man—usefulness to himself and others.

—ROBERT G. INGERSOLL.

What shall it profit business if it gain the whole world and lose its own soul?—HARRINGTON EMERSON.

The Dollar Value of Education

What of society?

When the rule-of-thumb experience seemed to turn out a few conspicuously successful men, we heard the business man decry the school and college and, in fact, all education, as a waste of individual time and public money, instead of realizing that these great men had been more susceptible to the education of experience than he.

The business man is the most dogmatic of men.

As the farmers in Michigan the other day wanted to lower the compulsory educational requirements, so others have tried to give ignorance its diploma.

They forgot that the successful men who had gone to school but two years in their lives were men who had been going to a school of a larger sort ever since. They had been studying and learning and working all the time.

The Teaching of the Schools

Where did schools come from? Was it not from experience? We must agree that they came from the realiza-

tion of our common-sense ancestors that they couldn't teach all the best things in their homes as well as one man who was in touch with all the best and true things, could teach them in school. Let us remember that, and we'll find no great difficulty in finding its application to the plant and the store.

It looks as though we have forgotten why we started schools. One man says we started schools to give the best results of all previous experience to those who were about to enter on new experiences.

Industry and Society Interactive

Our schools have fallen away from experience because we who are having the experiences, have fallen away from the schools. We have left them to women, children, and school men.

We have as an ideal, business which is to make men so they can live better, bigger, and more productive lives for society; hence we receive from society only what we take to it; only as society has a rich and generous life can we have rich and generous lives.

As industry has taken to society small wages, over-worked women, stunted children, shoddy products, liars, and cheats, it has found strikes, dynamite, repressive legislation, and intolerance. As industry has taken to society generous living wages, hygienic surroundings, care for its workers, fair quality, and honest relations with customers, it has received fair treatment and generous appreciation from society.

If industry will arrange its business creed on true, high social ideals, and compel the unsocial units to do the same, if industry will build itself on the social plane of cooperation among its units, and if society will wipe out the unsocial industries and businesses; then the education of the

citizen and the worker will be complete, and the results must be most satisfactory.

Short of this ideal lies drastic and punitive regulation, in which the just and the unjust are bound to suffer because the business man who will not help to drive out the liar, the coward, the cheat, and the poisoner from his midst, must therefore be considered as one who abets the criminal in his crimes.

Business Must Solve Its Own Problems

It is one thing to have an ideal, but it is quite another thing to be able to make definite progress in its pursuit.

Social conditions are not what they should be anywhere in the world. And we cannot concentrate to obtain the best results so long as the methods of remedying these faults are as various as the sands of the sea. Methods are always various when experience has had little to do with devising them.

We must dedicate some of our people to the formulation of experience into laws, rules, and principles. We must dedicate some of our time and our money to testing what these men find, by the experience of everyday work and living.

We have done a great work. We have created a huge machine called production, distribution, and consumption; we are today trying to humanize it and socialize it. We business men who have made it, must now take it in hand to humanize it and to make it serve the social body for which we made it. It will not continue to exist if it is merely a device by which to extract from the social pocketbook the maximum of results for a minimum of service. Society demands that this machine, as we have constructed it, shall have but one right to exist—to give the maximum of service for the minimum of profit.

The Menace of Socialism

If business does not fix this thing, we shall have to stand aside while society tries its hand. If the law is not responsive to society's demand, we shall have to take the next step—collective action by means of socialism, which means the socialization of production, distribution, and consumption. I feel that this is not the affair of the socialist. On the contrary, I believe it is very definitely a matter to be solved by the service ideals of commerce and industry. If those ideals will meet the service ideals of society, socialism will become a mere historical incident; but if business falls far short of their realization, socialism may become an impending menace.

True and False Service

There are two schools of thought at work in our business life. The one works under the time-serving ideal which tells lies about values in the bargain advertisements; which cheats in a horse trade; which swindles in a fake stock transaction; which fools the "green" buyer; which betrays a confidence and thinks the betrayal a joke; which uses diplomacy and tact to accomplish an unworthy end under the guise of serving you; which makes the church a cloak for double dealing; which sacrifices anything to get an order today. *Now* is its god; "After me the deluge," its motto. The other school follows the service ideal, and its slogan is: "Value to body, mind, and soul for every expenditure of each, today, tomorrow, and forever."

Reform From the Outside

The man of business must control the government. He must relegate the lawyer to his courts, the soldier to his duty; he will put the priest in his pulpit, and he will

take command of the ship of state, because life is a business and government is a business.

We are to put a stop to this senseless fiddling; this black, bald, deviltry of the make-believe of legalizing minds; this silly playing at politics by hair-splitting pettifoggers; and these hyper-judicial, dry-as-dust fooleries of men who have given us forms, forms, forms, and so few realities of justice.

The procedure of law must be changed by laymen because the law is what lawyers have made it. Law will be humanized and made serviceable to society because society wants to use the law. To expect lawyers to make it serviceable is to reverse history. The church had to be changed from without.

A great political party had to be whipped into submission from without. Education will have to be changed by the layman because teachers do not know how.

Few great corporations have ever been greatly improved from within.

Capital will have to be changed from without; banking could not bring forth a postal savings bank bill or a currency bill.

Railroads would not regulate themselves; so the Interstate Commerce Commission had to be born of public demand.

Society must take into its own hands the problem of service. It says, "We may know nothing about law, or finance, or railroads, or the church; but we do know that you are not performing a service worth your price; hence we purpose to have you give us what we need, either improve your service to fit your price or cut your price to fit your service."

Society is the final arbiter and always gets what it really wants.

The Merchant of the Future

We have counted the cost, and it has been too much. We have had too much law-making by those who make their living by law-breaking. Business knows that the law may kill, but that the law cannot make alive; it understands the farce and is growing tired of it all. This is the service the new business man can render his day and his people—create a greater business in the service of the people.

"The merchant of the future," said A. T. Stewart, "will not only be an economist and an industrial leader, but he will be a preacher and a humanitarian." One has but to listen to Marshall Field, John Wanamaker, the Filenes, the Browns, the Brocks, and the Baers, to know that that "future" is close at hand.

The man who has the ideal of service lighting his work of today and the way for tomorrow, knows that he is playing with, and not against, life. He stands for all that the "practical" ideal betrays. The man of ideals is the really practical man because he plays the game true to the rules.

Listen, while Judge Gary, Chairman of the Board of Directors of the United States Steel Corporation, says:

"We snarl at legislation or at the Chief Executive if any action is taken or word spoken which we think calculated to injure vested rights, but we are apt to overlook the fundamental principle that even vested rights, so called, must yield whenever they become antagonistic to the public welfare and safety."

You can make money by serving entirely selfish ideals, but you can not convince yourself that you are playing the game as a gentleman. Your heart can not feel the thrill of emotional service. Your soul can not expand, unfold, and grow with it. Your head may find a pleasure in the game played with loaded dice, as did Scrooge and Faust,

but it will not last. Such great factors, such great masters of men as Napoleon, as Alexander, as Cortez, as Pizarro, as Genghis Khan, as Hannibal, as Antony, as Caesar, have done great things; but alas! there is always a "but!"

"His character," declared the faithful Bertrand, who went into exile with Napoleon, "is the reason why he had few friends and so many enemies, and why we are here at St. Helena."

For Napoleon—he of the Code and of a thousand personal efficiencies—a people did not exist. He believed only in force and diplomacy. Kings were the nations. He fell because he could not understand that the people in any land are the court of last resort, as witness his treatment of Germany. I have known great managers of the same amiable type.

We may believe with Nietzsche that man struggles, strives, studies, plans, schemes, to gain power; that the "will to power" is the motive of all the progress of the world; but even that belief does not forget that efficiency is that power by which mind, heart, and soul are made to respond to mind, heart, and soul; and that satisfaction is the only thing that power can give, and must be triune in its blessings.

The over-accenting of materialism breeds the fruits that turn to dust on the lips. We have touched before upon this false valuation of things. Now we know, I trust, that the final result must be *satisfaction* or life remains a failure no matter what its balance sheet may show in profits.

The Passing of the Egotist

The danger to any man of power is that he will use all his energies of appetite or spirit or mind to accomplish

his own gratification. He is also a danger to society because great ability selfishly applied portends a swaying of the social economy away from the normal line of growth. Society resents the great man who does not attempt to carry it to new realizations.

We see the passing of men of the Henry O. Havemeyer type, who said it was none of the stockholders' business what became of any single dollar so long as the dividends were paid. We see the rise of men like Judge Gary, of the United States Steel Corporation, and Theodore N. Vail, of the American Telegraph and Telephone Company, who say that we must know that *service* corporations are in business to give service to the public. Henry H. Rogers and Harriman passed, too, because their day was done and in their place has come a new generation of business men who are statesmen rather than politicians. It is not the big combinations of business that the people distrust, but the man who runs a big business as if it belonged to him; as if he could do as he pleased with it.

The man who wants more than his share of the reward and who refuses the fair deal to the people, is in trouble and will have more trouble.

The New Basis of Valuation

The world is becoming more human. As long as discontent was individual, personal, and isolated, there was no cure; but the public is now casting off Republicanism and Democracy as party symbols, and putting its business relations on a business basis. The world is going to settle its business on the new basis of appraising the service value of its corporations—railroads, public service companies, banks, and manufactories—and is going to settle the relations of these four great divisions of our business life on a service-value basis. If they can not prove that

they are doing what they should by their methods and production to merit the protection of society, society will eliminate them.

Society is always working towards this end, and George W. Perkins voiced society's attitude in these words: "The only kind of a trust that deserves to live is one that makes money for its stockholders by manufacturing a commodity that the people need for a less price than they were able to get it for before."

The Why of Welfare Work

Why does the United States Steel Company pay five millions of dollars a year for welfare work? Is it not because it recognizes that society says, "Care for your own"?

Mr. Louis A. Coolidge, Treasurer of the United Shoe Machinery Company, calls attention to the work done by his company at Beverly. His company is maintaining—

At the factory (a) sunlight and fresh air, (b) sanitary conveniences, (c) machine safety devices, (d) emergency hospital, (e) restaurant and rest rooms, (f) special accommodations for women employes, (g) industrial school. Outside the factory (h) social club-houses for employes, with athletic facilities of all kinds, (i) home building opportunities, (j) mutual relief associations and savings bank insurance, (k) land for cultivation.

Why? Because it is recognizing a debt to society.

The Social Debt of Science

Science, too, is recognizing its social debt.

The scientist will realize that his real value, the value of what he does, is to be judged entirely by its social usefulness. The social usefulness of science is to be demonstrated "in nothing more nor less than its capacity," says Professor Ostwald, "of forecasting the future, and thus

influencing it in a direction favorable for humanity at large."

Here is the service ideal placed squarely before the man of science.

When we get a greater and better organization of scientific work, we shall have a clearer perception of what we have done, and what is to be done.

The Social Debt of Business

Today the world demands an accounting and is going farther; it asks why there should be so many itching palms between the hen and the breakfast table.

Service is lacking. Competition has failed to give service again, because we get too little service, and pay for too much competition.

Whom does the manufacturer serve?

Whom does the wholesaler serve?

Whom does the retailer serve?

Is it not a fact that the consumer only serves himself while the rest serve themselves as *classes*, and that these classes then serve each other?

The public's response to costly competition in Great Britain was Co-operative Societies, and the retail class had to take to chain stores. In this country it will be the same; as witness the sporadic attempts of the Granges, the Mutual Benefit Societies in Michigan, and the activity of former Mayor Shanks of Indianapolis, and the Mayor of Des Moines. The only hold the Parcel-Post bill has on the public, is through the high cost of living, not, you will notice, the high cost of vegetables, or eggs, or butter, for *their* cost is not high.

But when dealers would rather throw a carload of potatoes into the river than lower the price, there is something twisted about the service ideals of the pro-

duce commission business; and the public proceeds to wipe out such parasites.

Secretary of Commerce W. C. Redfield said: "The consumer of the present day has a right to expect efficiency in management and the public will resent any lack of it."

Here we get the acid test, "*What's the use?*" phrased in a different way. Secretary Redfield's statement seems to be a fairly straight-from-the-shoulder definition. It tends to define the public's attitude toward the public service corporation. Secretary Redfield also suggests what many are beginning to realize, that all corporations, if not all businesses, are to be considered public service corporations, and that the public has a right to dictate the rules of the game of business under all conditions.

If it be true that the public is going to take a larger part in the conduct of all business, business must organize its future in the light of the gospel of efficiency.

Many have hesitated to embark on such a propaganda of organization. There is no reason why business should not organize, except one; if it organizes for the purpose of preventing progress and changes, it may well wait on a larger vision; if it organizes for the purpose of raising the quantity and quality of service to the community, it will do that which is for its own benefit. The spirit of the new gospel demands that business should do this. It is the scientific thing to do. Business has many important things to do which cannot be well done so long as it is divided in its own house over means and methods.

Business will sooner or later have to justify its management. It will have to justify its claim to social support. It will have to show that its methods are most efficiently doing the work which society requires of it.

The Social Debt of the Individual

You may put down in your note-book that no man can serve his own best interests by betraying another's. He may not know when he makes restitution, but he makes it; service, like love, is to be tested, not by giving up, but by living up. The idle rich are not the only parasites, as life in a cottage along the main traveled road near a great city will soon teach you. The Weary Willies who tramp that road grumble that "the rich man should divide his millions with the world."

What has the world done with the savings it has made in the cost of some of its necessities? Has it brought more happiness with the profits? Can it be proved that there would be less want in the world if Mr. Carnegie should tomorrow give three dollars to every second man and woman in the world, instead of endowing schools and colleges and foundations where the best methods of eliminating pain and poverty might be discovered by experiment? Would you and I and a million others give the twenty-five million dollars to found that institute? It would cost five millions and ten years to collect the money; in the meantime, Carnegie gives it.

Taking and Not Giving—The Penalty

Yet this is the moral obligation which we must pay willingly with satisfaction or unwillingly with pain, but pay we must. For "Taking and not giving," said a writer in an article discussing commercial piracy, "is the vice of the old pirate, who died at the yard-arm of his own ship, or was marooned on some ghastly, bleached coral isle to rot." Taking and not giving was the crime of Charles II, who left only his mistresses to mourn his death. Taking and not giving made Marie Antoinette see the diamond necklace in the bloody basket. Taking